

The Nation's Business

Volume III

July 15, 1915

Number 7

The Seamen's Law and American Shipping

National Chamber on a Merchant Marine

Our Steamboat Inspection Service

New Orleans Rebuilding Her Port

Scope of the Federal Trade Commission

The Philippines As An American Asset

ONE DOLLAR A YEAR
TEN CENTS A COPY

PUBLISHED BY THE CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA, RIGGS BUILDING, WASHINGTON, D. C.

PAN-AMERICAN
FINANCIAL
CONFERENCE



WASHINGTON, D. C.
MAY 24-29, 1915

The Nation's Business

Volume III

July 15, 1915

Number 7

The Seamen's Law and American Shipping

National Chamber on a Merchant Marine

Our Steamboat Inspection Service

New Orleans Rebuilding Her Port

Scope of the Federal Trade Commission

The Philippines As An American Asset

ONE DOLLAR A YEAR
TEN CENTS A COPY

PUBLISHED BY THE CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA, RIGGS BUILDING, WASHINGTON, D. C.

THE NATION'S BUSINESS

Published Monthly by the
CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA
Riggs Building, Washington, D. C.

NEW YORK—WOOLWORTH BUILDING. CHICAGO—10 SOUTH LA SALLE STREET. SAN FRANCISCO—MERCHANTS EXCHANGE BUILDING.

LOUIS E. VAN NORMAN, EDITOR.

ROBERT D. HEINL, ASSOCIATE EDITOR.

Entered as Second-class Matter, February 18, 1913, at the Post Office at Washington, D. C., under the Act of March 3, 1879.

THE CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA

PRESIDENT

JOHN H. FAHEY,
Boston.

HONORARY VICE PRESIDENTS

A. B. FARQUHAR, York, Pa.
HARRY A. WHEELER, Chicago, Ill.

TREASURER

JOHN JOY EDSON, Washington, D. C.

GENERAL SECRETARY

ELLIOT H. GOODWIN.

VICE PRESIDENTS

HENRY L. CORBETT, Portland, Ore.
ROBERT F. MADDOX, Atlanta, Ga.
JOSEPH H. DEFREES, Chicago, Ill.
SAMUEL McROBERTS, New York, N. Y.

CHAIRMAN EXECUTIVE COMMITTEE

R. G. RHETT, Charleston, S. C.

ASSISTANT SECRETARY

D. A. SKINNER.

BOARD OF DIRECTORS.

FREDERIC E. BOOTHBY, Portland, Me.
L. C. BOYD, Indianapolis, Ind.
THOMAS BURKE, Seattle, Wash.
WILLIAM BUTTERWORTH, Moline, Ill.
HOWELL CHENEY, S. Manchester, Conn.
FRANKLIN CONKLIN, Newark, N. J.
R. T. CUNNINGHAM, Fairmont, W. Va.
WILLIAM HARRIS DOUGLAS, New York.

ALFRED I. ESBERG, San Francisco.
HOMER L. FERGUSON, Newport News.
G. A. HOLLISTER, Rochester, N. Y.
HENRY B. JOY, Detroit, Mich.
CHARLES S. KEITH, Kansas City, Mo.
JAMES R. MACCOLL, Providence, R. I.
W. M. McCORMICK, Baltimore.
E. T. MEREDITH, Des Moines, Ia.

CHARLES NAGEL, St. Louis, Mo.
JOHN W. PHILLY, Dallas, Tex.
R. G. RHETT, Charleston, S. C.
FRANK A. SEIBERLING, Akron, Ohio.
LEON C. SIMON, New Orleans, La.
THOMAS B. STEARNS, Denver, Colo.
WM. H. STEVENSON, Pittsburgh, Pa.
T. L. L. TEMPLE, Texarkana, Ark.

Commerce in the Month's News

THE results of the National Chamber's canvass of American business opinion on an American merchant

The Referendum
on a Merchant
Marine

marine—Referendum Number Nine—offers particularly interesting and instructive reading in these days of divided councils and aroused feelings on the question of our national inadequacy in the matter of seaborne commerce. The inferences to be drawn from the vote are set forth on another page. This referendum has clearly defined the attitude of the Chamber and put such attitude on record on a number of important questions. It has recorded the Chamber as in favor of government subsidies, under certain conditions, as in favor of government subventions to mail and freight lines under the American flag, of the creation of a federal shipping board with power, of the amendment of the Ocean Mail Law of 1891, of legislation abolishing deferred rebates and providing for supervision of such rates by a shipping board, and of federal licenses for all shipping, domestic and foreign. The vote defines the attitude of the Chamber as opposed to the government purchasing, constructing, chartering or operating vessels for mercantile purposes and as against government ownership of merchant vessels with operation by private parties under lease. On one question, concerning the organization of a Marine Development Company, the vote is not sufficient to commit the Chamber either way.

PERHAPS the most significant facts to be remembered in connection with the vote are these: Contrary to what has seemed to be general popular opinion, no

The Significant
Facts Brought
Out

business interests in any part of the country advocate government ownership and operation of shipping; second, in spite of the general belief to the contrary, the vote shows that no part of the country is opposed to subsidies and subventions, but all parts advocate them. The larger cities, inland and seaboard, regardless of location, are apparently of the same mind and that is

in opposition to public ownership and operation of a merchant marine.

SINCE the earliest days of human history, the forerunners of commerce and the pioneers of trade have been those who go down to the sea in ships.

Power Follows
Seaborne
Commerce

The nations that have sailed the seas have almost always dominated the land also. The white argosies of commerce have been, in the main, not only the advance guards of material prosperity and wealth but the signs of national power and preeminence as well. Greek, Phoenician, Norseman, Elizabethan Englishman, Dutchman, modern Briton and Japanese, have won national power primarily through the "keels of trade that plow the yeasty deep."

OF all the powers of the modern world, our own country is, by favor of fate and geography, one of the best equipped to obtain real maritime world greatness.

Our American
Outlook on
Two Oceans

The United States is the great modern power of two oceans. Europe faces the Atlantic, but America faces the world,—the old lands on the other side of the Atlantic and the still older ones across the Pacific. More than one power of the old world has fought a dozen wars for one open port. If, as has been said, that nation has the greatest outlook for peace and happiness which enjoys the largest unhampered access to the waters of the open sea, how fortunate are we Americans!

VERY early in our national history our overseas commerce began. Long before we had any history as a nation, indeed, the chroniclers tell us that, in June, 1608, Captain Wilson of the good ship *Phoenix* took a cargo of cedar from Virginia to England—the first export shipment of the new

Our Merchant
Marine in
Its Heyday

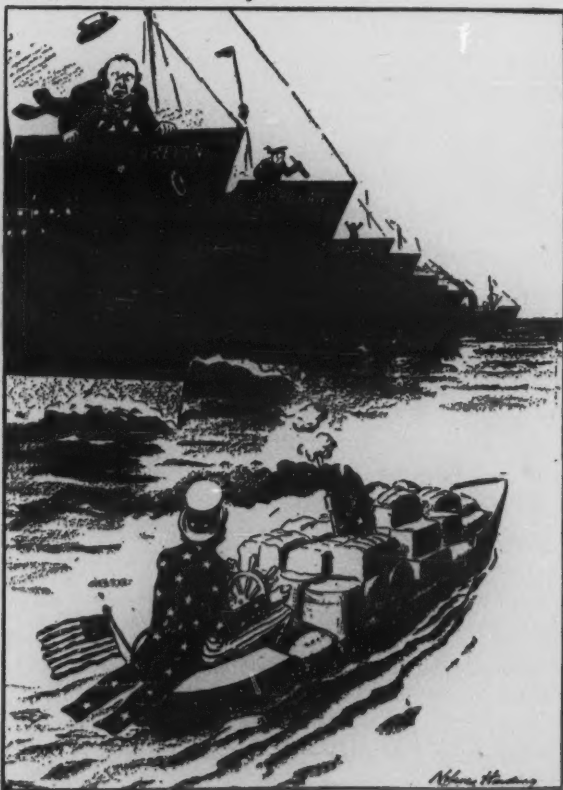
country. By the middle of the past century American shipping had grown to such proportions that it even threatened the supremacy of the British merchant ma-

rine. Our famous clippers were the most beautiful, the most speedy and the best wealth producers of the world. The days of our preeminence in the sea trade of the world are among the most romantic in our history. But few of the sailing ships of commerce remain in these days of steam. Several have recently come under American registry. A typical one is reproduced on another page in connection with our article on the Seamen's Law—the famous *William P. Frye*, sunk by a German cruiser in January. During the civil war we lost this position, after the powerful southern corsairs, led by the *Alabama*, had destroyed the national shipping or driven it to seek shelter under the flags of other nations.

WHEN the civil war ended, the wooden sailing ship had passed. Steam and iron had revolutionized the art of ship building. Europe, particularly

Its Passing
and the Rea-
sons Therefor

England, at that time possessed cheap skilled labor and plenty of iron. Moreover, she subsidized her ocean carriers. The United States had little of these advantages and could obtain them only at a relatively high cost. It was then that the American merchant marine ceased to progress. Since that time, although our lake commerce is of large proportions, our flag has almost disappeared from the oceans of the world. During this period, referred to, our great trans-continental railroads were building and industry was developing. Those offered greater and safer returns on capital, and Americans let their carrying trade go to foreign bottoms. It is not surprising, therefore, that, since it seemed to us better to invest in other enterprises, our shipbuilding did not revive. All this has already been said many times and many programs have been offered for the restoration of our flag to the waters of commerce. Just now, however, when the nation so keenly realizes its opportunity for foreign trade, it is useful to recall these facts of our commercial history.



WHILE THE MERCHANT MARINE OF EUROPE IS SO LARGELY HAMPERED BY THE WAR, CAN UNCLE SAM ACT THE PART OF THE "JITNEY" OF COMMERCE AND CARRY OFF THE TRADE? —Harding in the *Eagle* (Brooklyn).

CONTENTS FOR JULY

Commerce in the Month's News.....	2
How the Chamber Voted on a Merchant Marine.....	4
The Seamen's Act and its Possible Effects.....	5
Opinions of Ship Owners on the Law.....	7
The Federal Trade Commission—a Chart.....	8
What the Seamen's Law Means to American Shipping.....	10
New Orleans—Gateway of the Mississippi.....	11
The Work of the Steamboat Inspection Service.....	12
What the Chinese Learned from Us.....	13
Three Referenda Ordered by the Board of Directors.....	14
The Philippines as an American Asset.....	15
Effective Community Advertising.....	16
What the Organizations are Doing.....	16

AT the beginning of the present European war, we were a nation practically without an over-sea merchant marine. On the great lakes we have a trade that challenges the admiration of the world. On the high seas we are insignificant. It has been estimated that in the first few weeks of the war more than 4,000,000 tons of German and Austrian shipping were withdrawn from the world's carrying trade, while some 2,000 British and French steamers were appropriated for transporting troops and munitions. This meant that at least 6,000,000 tons of shipping had been removed from the usual transportation business by sea. The rates of carriage for our goods went up enormously and we began to see clearly how, as a neutral nation, we had become absolutely dependent upon the resources and aid of foreign countries.

* * * * *

THEN came the efforts of our Government and leaders of commerce to remedy this lack and to restore our flag to the ocean. The debate in Congress

A Symposium
on the Shipping
Situation

last session and the failure of the Administration's shipping bill to pass, the enactment of the Seamen's Act and the referendum of the Chamber of Commerce of the United States on the entire question of a merchant marine—these are all known to our readers. In this issue of THE NATION'S BUSINESS, a good deal of space is given to the shipping situation in the United States at present. The results of the National Chamber's referendum on a merchant marine are given on another page; the Assistant Secretary of Commerce presents an informational statement on the Steamboat Inspection Service, while the manager of the New Orleans Association of Commerce tells how the "Crescent City" is rebuilding her port as an outlet for the trade of all our central west. Our future in the Pacific trade hangs in the balance in these days of uncertainty over a merchant marine. Our commercial relations with China, which are likely to be so much bettered by the recent visit of Chinese merchants (the net result of whose observations a special article sets forth on another page), and the maintenance of our strategic and commercial foothold in the Far East, hinging on our position in the Philippines, (as summarized elsewhere in this issue,) are all bound up in the sort of policy we inaugurate and henceforth maintain with regard to our merchant shipping.

WILL this country ever regain its dominant position among the maritime nations? A keen French economist, M. Pierre Leroy Beaulieu, in a recent work on "The United States in the Twentieth Century," predicts that, in view of our preeminence in the triumphs of mechanics, we will regain it. This regaining of our premier place, he is certain, will "mark the extension of American economic influence over a very large portion of the world, if not over the entire world." Certainly at the present juncture, a real American merchant marine, not a "white-washed" one by the process of registry, would be a blessing for the entire world, to those peoples whom its safe, neutral transportation would serve with food, and to that people whose goods it would deliver and whose flag it would fly.



CIVILIZATION READY TO CHRISTEN THE NEW BABY:
THE WORLD COURT FOR SETTLING WAR.
—Donahay, in the *Leader* (Cleveland).

THERE is a general belief that the navigation laws of the United States are oppressive and restrictive upon American marine commerce. The Seamen's Act, the latest addition to our body of legislation relating to shipping, has been regarded with particular apprehension. This law is

The Seamen's
Law and Its
Effect

explained in an article in this number of THE NATION'S BUSINESS. The heads of several prominent shipping concerns also set forth their opinions as to how this measure will affect our ocean trade. At its board meeting last month, as is noted on another page, the National Chamber decided to submit this question to a referendum of its members. After such a thorough canvass of the subject as an institution like the National Chamber is enabled to make, and after an investigation into what certain ship owners claim will be the actual effects of this law, (which the Administration is making through Attorney General Gregory,) there will be valuable evidence as a basis for such a consideration as may be necessary in order to prepare for amendment or pos-

sible repeal of the law. It is a critical period in our ocean trade. The shipping of the great maritime nations of the world is largely destroyed, interned, or hampered by the vast war. Is there now a chance for Uncle Sam—if he is wise—to be the "jitney" and secure some of the trade of the sea? Such at least is the happy idea of the cartoonist whose sketch we reproduce on the preceding page.

* * * * *

THE referendum on the Seamen's Law, just referred to, is one of the three important canvasses of the business opinion of the country which the Na-

The Chamber to
Offer Sugges-
tions Regarding
Foreign Trade

tional Chamber will undertake at an early date. Another subject upon which business men will be asked to vote, is a series of recommendations reported from the Chamber's special committee on the Department of Commerce. These recommendations are made with a view to extending the activities of the Bureau of Foreign and Domestic Commerce so that they may be more useful to American business. The program includes also specific suggestions for the development of the Consular Service through which the bureau of Foreign and Domestic Commerce receives a large part of its information concerning actual conditions and existing and possible markets in foreign countries.

* * * * *

THE proposals to end war, or at least to make it almost impossible in the future, are of all sorts, and proceed variously from intellectual, sentimental and material motives. There are practical methods now being discussed by business men. The peaceful neutral world is beginning to

A Referendum
on How to
End War

realize that there may be within its reach the means of preventing future wars in a general understanding to formulate public opinion and to use economic pressure against outlaw nations or peoples. The National Chamber proposes to get the opinion of the American business man on this vitally important question. Whether or not the United States should join a league of nations with a certain well defined program for world peace is the question which will be put as a referendum by the National Chamber. As phrased by the chairman of the committee, the proposals of this program are noted on another page this month.

* * * * *

THE chart showing the organized activities of the Federal Trade Commission which we reproduce on pages 8 and 9, will be of particular interest to all business men. There has been so little understanding throughout the country of the scope and character of the work which this im-

A Chart
of the
Federal Trade
Commission

portant government commission is doing and proposes to do that we are particularly pleased to present to the readers of THE NATION'S BUSINESS this clear exposition which has just been prepared by the Commission itself.

The Chamber's Vote on a Merchant Marine

An Analysis of the Referendum on Methods for the Promotion of American Shipping

THE commercial organizations of the country want an adequate tonnage of merchant ships under the American flag. This conclusion inevitably follows from an analysis of the votes cast in a referendum of the National Chamber which closed on June 22. The Federal government, according to a great preponderance of opinion among commercial organizations, should take part in developing such a commercial marine by granting subsidies to offset disadvantages in the cost of operation under the American flag and by giving subventions to regular lines running to foreign countries in which our commercial interests are important, and to American dependencies.

Votes in this referendum came from different parts of the country in proportions which are well exemplified by the ballots on the first question, regarding government ownership and operation. On this question six hundred thirty-six votes were filed by local organizations, of which thirty-six per cent came from the East, almost exactly one-third from the Middle West, fifteen per cent from the South, and fourteen per cent from the Far West. National organizations filed one hundred thirty-six votes, or about seventeen per cent of the total. Organizations situated outside of the continental United States,—in Alaska, Porto Rico, Hawaii, the Philippines, and France,—cast seven votes.

Government Ownership—Government Operation

Interest was keenest on the first question, which raised the issue of government ownership and operation of merchant vessels. On this question more votes were cast than on any other of the nine propositions submitted; eighty-eight per cent opposed this plan of procedure.

Among local organizations opposition to public ownership and operation, of course, varied in the different parts of the country, amounting to ninety-six per cent of the votes cast in the East, eighty-eight per cent in the Far West, eighty-four per cent in the Middle West, and eighty per cent in the South.

In the larger cities, whether ocean ports or inland centers and regardless of geographical situation, the local organizations which participated in the referendum were almost unanimous in their opposition. This was the point of view of organizations which in their membership unquestionably represent the industrial and commercial point of view of their communities in New York, Chicago, Boston, Philadelphia, Baltimore, Buffalo, Pittsburgh, Cincinnati, Indianapolis, Minneapolis, St. Paul, Kansas City, Atlanta, New Orleans, Seattle, Portland, San Francisco, and Los Angeles.

The Approving Votes

As a matter of fact, no less than twenty-eight of the eighty-nine votes cast in favor of government ownership and operation seem to carry no great significance of decided preference. In other words, being accompanied by support of each of the other three methods suggested in the referendum as possible for government aid, these votes may be taken to have indicated an emphatic belief that the American commercial marine should be augmented, and augmented through encouragement by Federal assistance, quite regardless of the means taken toward the attainment of this end.

Even by this comment the apparent lack of significance in the eighty-nine votes which favored government ownership and operation is not fully developed; for, in all, seventy-one votes were accompanied by votes from the same organizations in favor of either subsidies or subventions, fifty-one being cast for both. Thus, it seems that eighteen clear-cut votes were cast for government ownership and government operation as the form which government action should take. Of these clear-cut votes five came from a national organization, five from Florida, one from Mississippi, one from Maryland, one from Pennsylvania, three from Massachusetts, one from Michigan, and one from Utah.

Private Operation—Government Ownership

Of the eighty-nine votes which supported government ownership and operation thirty-five were definitely cast against private operation in conjunction with government ownership. There was a single vote distinctly indicating a preference for the latter plan over all others. In addition there were twelve votes which favored this plan over government operation, but without great significance since votes of the same organizations supported also subsidies or subventions, or both. The remainder of the fifty-one votes cast in favor of such a program as is here under discussion were likewise cast in favor of government ownership and operation. The conclusion seems to be that the seven hundred thirteen votes cast against private operation of government-owned vessels indicate very general dissatisfaction with such a method of attacking the question in hand.

Nevertheless, an interesting suggestion was made with reference to this plan by such experienced organizations as the Philadelphia Bourse and the Charleston Chamber of Commerce. The Philadelphia Bourse, which in its comments developed the idea rather the more, said it saw no objection to the lease of government-owned vessels for use in merchant service, if the ships were especially built and adapted for use as government auxiliaries, to serve as colliers, transports and the like. In the opinion of the Bourse, the government should own a large number of vessels of such types, and since ships are better cared for and more ready for immediate use if they are kept in operation than if laid up in ordinary, the government could properly and with advantage make these vessels in normal times available for private operation.

The Question of Subsidies

Concerning the third question on which the members of the National Chamber were asked to express their opinion,—the desirability of subsidies calculated to offset extra cost in operating vessels in private ownership under the American flag,—opinion was more diversified than regarding government ownership. Nevertheless, the result was decisive,—five hundred fifty-four votes in favor of such a program and one hundred eighty-nine against it. In other words, seventy-five per cent of all the votes favored the principle.

The principle of subsidies was advocated by eighty-one per cent of the votes which came from local organizations. By sections of the country this vote among local organizations was ninety-six per cent in favor in the South, seventy-nine in the East, sixty-nine in the Middle West, and fifty-four in the far West. Of national organizations seventy per cent of the votes were in favor.

The number and importance of the local organizations in the larger cities which opposed subsidies was a feature of the balloting. Such organizations include the San Francisco Chamber of Commerce, the Baltimore Merchants and Manufacturers' Association, and the Cincinnati Chamber of Commerce. The New York Produce Exchange refrained from casting a ballot on the question. Both the New York Merchants' Association and the Boston Chamber of Commerce conditioned their favorable votes upon a system of careful supervision of subsidies being devised. The Association of Commerce and the Board of Trade in New Orleans, the Seattle Chamber of Commerce, and the Minneapolis Chamber of Commerce voted for this plan only if the main purpose in view, the upbuilding of the merchant marine, could not be accomplished in some other way, as by revising the navigation laws. The Chamber of Commerce of Portland, Oregon, wished any subsidies that may be granted so arranged as not to cause any discrimination against trade between the two coasts of the United States, or between any two of its ports.

In Favor of Subventions

Regarding subventions for regular lines of mail and freight steamers there was a nearer approach to unanimity than upon any other question in the referendum. Ninety-three per cent of seven hundred sixty-five votes approved this plan. Except upon the question of the charac-

ter of ownership and operation, more votes were cast with respect to this proposal than on any other of the nine questions submitted.

Local organizations cast ninety-four per cent of their votes in favor of the proposal. By sections of the country the percentages in favor were ninety-seven in the South, ninety-seven in the Middle West, ninety-one in the East, and eighty-six per cent in the Far West. Ninety-one per cent of the votes of national organizations were in favor.

The Committee's Recommendations

In addition to the subjects already mentioned there were submitted to referendum five recommendations which were made by a special Committee of the Chamber on the Merchant Marine. The votes on these recommendations harmonized in every way with the results stated above.

In Favor of a Shipping Board

The establishment of a Federal Shipping Board,—the first of the Committee's recommendations,—had much attention, as evidenced through the forms taken by expressions of opinion which accompanied some of the ballots. The result of the balloting,—six hundred thirty-nine votes in favor and one hundred sixteen votes opposed,—is, however, plain.

In the opposition to a shipping board with powers beyond investigation and report were votes from San Francisco, San Diego, St. Paul, Louisville, Cincinnati, Columbus, Baltimore, Philadelphia, Albany, Syracuse, two large national organizations, and organizations the membership of which is scattered through the states of Illinois and Tennessee.

The Vote on Deferred Rebates

Questions of deferred rebates and filing of schedules showing ocean-freight rates caused some expression of opinion independently of the ballots. Little dissent was manifested from the principle of legislation having for its purpose abolition of deferred rebates, which have been used, at least in some instances, to prevent new steamers from entering into competition with established lines.

Considerable dissent developed, however, to any possibility that there might be a suggestion that Congress should attempt to regulate rates for ocean transportation. Organizations which apparently believe such an attempt could not succeed are very largely the same as those which disapproved a shipping board with wide jurisdiction over maritime affairs.

The lightest vote, seven hundred thirty, was cast regarding the advisability of having all lines of steamers running from American ports take out licenses, in order that they might be the more amenable to jurisdiction by the United States. Eighty-six per cent of the votes, however, favored this proposal.

Amendment of the present law for ocean-mail pay,—that is, for the subventions of American lines carrying mail to foreign countries,—was advocated by ninety-two per cent of the votes filed. The concrete form of amendment proposed was reduction of the speed now required of three classes of steamers, which receive different rates of subvention, and a level for the rates of compensation which would be considered adequate.

A Marine Development Company

The only one of the nine propositions submitted in the referendum which did not result in a formal determination of the National Chamber's attitude was a recommendation of the Chamber's Committee that the Federal government subscribe to the capital stock of a corporation which would facilitate investment on the part of the public in bonds issued on the security of steamships. Four hundred sixteen votes were in fact filed in favor of this recommendation, and three hundred fourteen in opposition, but under the fundamental law of the National Chamber its attitude can be established only by two-thirds of the votes cast. Consequently, the affirmative votes on this recommendation lacked seventy-one of being sufficient to be decisive. The adverse votes on the question were so distributed as to be without apparent geographical significance.

The Seamen's Act and Its Possible Effects

New Restrictions on American Shipping a Matter of Statute, Not of Regulation

It is evident that there is still confusion in the public mind as to the facts about our merchant marine in foreign trade and the circumstances of its decline. Recognizing this, the March number of THE NATION'S BUSINESS presented an article reviewing the history of our overseas shipping, with a chart showing the rise and fall in tonnage, together with an analysis of our navigation laws and regulations as they exist today.

It is the proportionate or relative decline of our foreign shipping that is hard to realize. Many of us are familiar with the fact that, in 1859, when American tonnage in foreign trade reached its zenith, it was actually double that of July 1, 1914. But this does not tell the whole story. Our foreign trade in 1859 amounted to only about \$625,000,000, whereas, in 1914, it exceeded \$4,250,000,000. In other words, in 1859 we had twice the amount of foreign-going tonnage in order to carry a little less than one-seventh the volume of trade. In the period during which the United States has become one of the great industrial and commercial nations of the world, its shipping in foreign trade has steadily declined towards relative insignificance.

Increase During the War

The situation is better today than it was a year ago but there is much doubt as to just how far the increased tonnage in foreign trade has been due to legislation passed last summer and how far it has been due to conditions produced by the war. It will be recalled that the Panama Canal Act of 1912 contained a provision for registering American-owned foreign ships not more than five years old; the Act of Congress, approved August 18, 1914, did away with all limitation as to the age of foreign ships which could be registered and further made it possible for such ships to be operated by their foreign officers for a period long enough either to find American substitutes or allow for the naturalization of the foreign officers. The net result has been that no foreign-built vessels were registered under the Panama Canal Act, whereas, under the Act of last August there have been registered 151 vessels aggregating some 530,000 gross tons. This tonnage is the largest annual addition to the merchant marine in the history of the United States. It represents an increase, roughly, of 50 per cent in ten months.

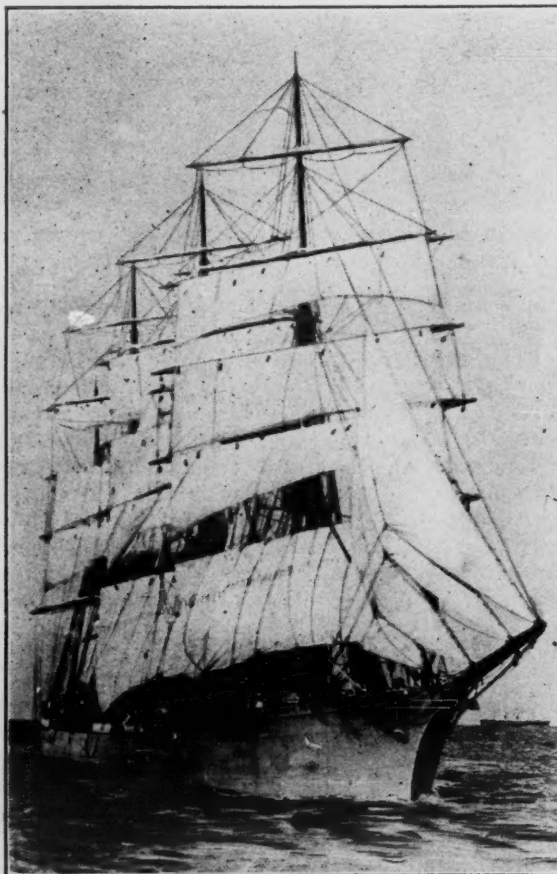
It is a reasonable conclusion that this notable growth in the number of ships flying the American flag in foreign trade has been due to a combination of circumstances. It is nevertheless true also that it required the outbreak of war in Europe and a complete overthrow of existing commercial conditions to bring about the enlarged provisions of registry contained in the Act of August 18, 1914.

Restrictions by Law

It can be shown conclusively that, with the possible exception of the requirement that American ships must be officered by Americans, not foreigners, and the so-called Three Officers Law of 1913—an act requiring three watch

officers for vessels of 1,000 gross tons and over—there was, up to the first of March, 1915, nothing in the statutory provisions of our navigation laws which could be demonstrated definitely to put ships flying the American flag at a disadvantage in competing for foreign trade with the ships of other countries.

On March 4, 1915, the President approved the Seamen's Act. Although this Act does not take effect as regards American vessels until next November, there have already appeared in the public press from at least two American steamship companies statements of intention to change from American to some foreign registry or discontinue service altogether. In both cases the reasons given have been the Seamen's Act.



From American Press Association.

THE WILLIAM P. FRYE, ONE OF THE FINEST OF ALL AMERICAN 4-MASTED SHIPS.

(The Frye, it will be remembered, was sunk by a German auxiliary cruiser in January).

If statements attributed to a number of owners of other steamship lines may be accepted as true, the Seamen's Act is an incongruity. At a time when public interest in a foreign-going merchant marine has been actually aroused and the demand for it sufficiently urgent to elicit support of a measure such as the Ship Purchase Bill, there has been placed on our statute books a law which, if the assertions of its opponents are borne out in fact, will seriously cripple American shipping. Claims have even been made in regard to this law that it will also hurt our foreign trade generally. It certainly appears incontrovertible that, if the act does prove restrictive in practice, any ship whether American or foreign sailing, for example, from New York for Buenos Aires will be at a disadvantage compared with a ship sailing from London for Buenos Aires. In other words our direct trade with foreign markets will suffer a handicap not experienced by our competitors. Another

claim is that foreign ships will prefer Canadian and other ports to the ports of the United States when trading with the Orient and South America. The very fact that claims of such a sweeping character have been made against the Seamen's Act shows that it deserves very careful consideration, without regard to its declared purpose to safeguard the welfare of seamen and promote the safety of life at sea.

Everyone who has read realistic sea stories, whether those of Captain Marryat, Frank T. Bullen, Dana, or Basil Lubbock and others, believes that life at sea is a hard and rigorous one for the man before the mast. The growth of industrialism has been accompanied by a widespread movement to improve the lot of the working man. The most aggressive form of this movement has shown itself in the organization of trade unions. The welfare of the sailor, however, has attracted notice comparatively recently. But here, too, the most determined effort to improve conditions has been made by the organization of seamen's unions of one kind or another. In other words, the controversy between employer and employee has finally extended to the sea.

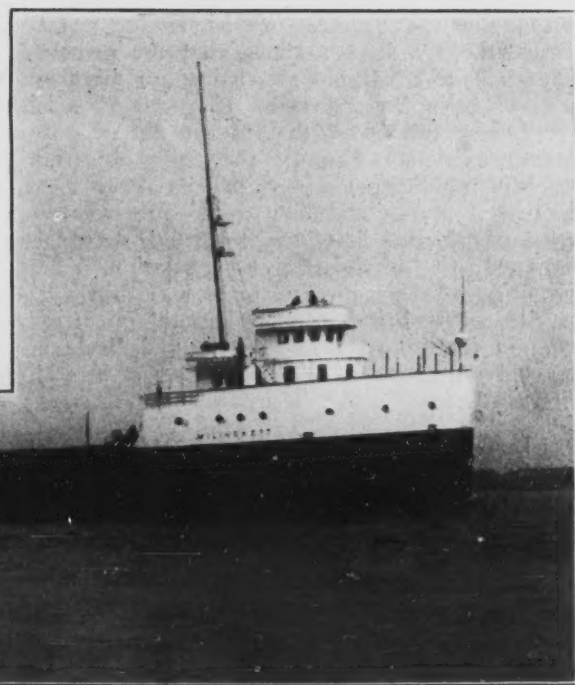
The gist of this phase of the matter is shown in the title to a bill on which the Committee on the Merchant Marine and Fisheries of the House of Representatives gave hearings in December, 1911.

"A BILL TO ABOLISH THE INVOLUNTARY SERVITUDE IMPOSED UPON SEAMEN IN THE MERCHANT MARINE OF THE UNITED STATES WHILE IN FOREIGN PORTS AND THE INVOLUNTARY SERVITUDE IMPOSED UPON THE SEAMEN OF THE MERCHANT MARINE OF FOREIGN COUNTRIES WHILE IN THE PORTS OF THE UNITED STATES, TO PREVENT THE UNSKILLED MANNING OF AMERICAN VESSELS, AND ENCOURAGE THE TRAINING OF BOYS IN THE AMERICAN MERCHANT MARINE, FOR THE FURTHER PROTECTION OF LIFE AT SEA, AND TO AMEND THE LAWS RELATIVE TO SEAMEN."

The bill in question was the Seamen's bill, introduced in the House of Representatives by Mr. Wilson of Pennsylvania, and representing much that was subsequently embodied in the Seamen's Act of March 4 1915. One of the hearings on the bill was given to delegates to the 16th annual convention of the International Seamen's Union of America, who came from Baltimore to Washington for that purpose. A petition to Congress presented at this hearing contained the following words:

"We, the seamen, the yet remaining bondmen, humbly yet earnestly submit this our petition that we be made free men and the blighting disgrace of bondage be removed from our labor, which once was considered honorable, which is yet needed in the world of commerce and which has been held to be of great importance to nations with seacoasts to defend."

The delegates from the Convention made the criticism that existing maritime law is founded on the theory that the seaman belongs to the ship and is part and parcel of the ship—as much so as her mainmast or her anchor. In other words,



THE ORE CARRIER "MILINOKETT," AN EXCELLENT EXAMPLE OF THE TYPE OF MODERN FREIGHTER OF THE GREAT LAKES.

the American seaman does not receive at the hands of the law the same treatment that American workmen ashore expect and demand and obtain. This bill was claimed to be an attempt to express, as applied to seamen, the American idea concerning the relations which ought to exist between employer and employee and man and man. On this peg was hung a variety of questions affecting the manning of ships, the division of crew, hours of labor, in addition to matters relating to the payment of wages and contracts between master and crew.

The Question of Desertion

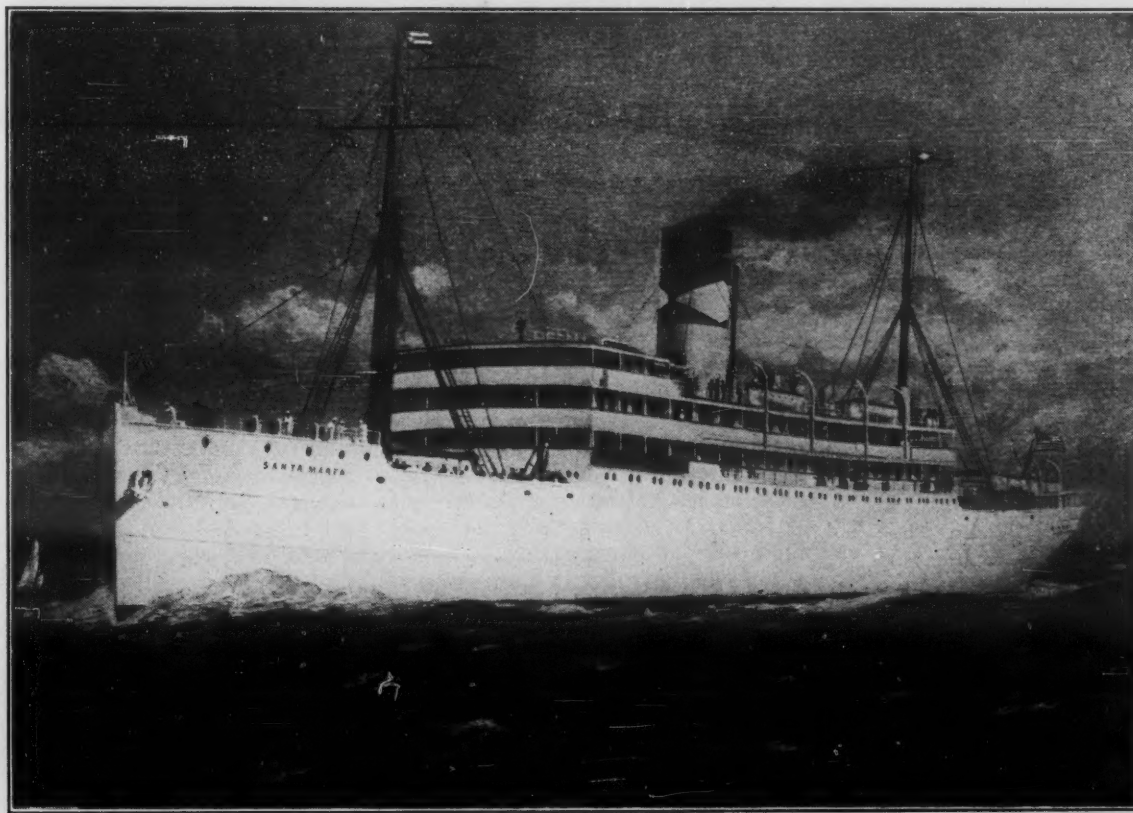
Up to the time when the Seamen's Act was passed, the penalty for desertion was imprisonment. The Seamen's Act has abolished this penalty. Today the only remaining penalty for desertion, however, is the forfeiture of wages and effects left on board ship. In other words, the liberty of seamen would appear to be carried to such an extent as to justify breach of contract made with the master of the ship for the voyage. For the forfeiture of wages and such effects as the seaman may not be able to desert with, half a crew may leave a ship—having previously drawn half the wages due them—and imperil the success of the voyage and possibly the safety of the ship. The right of personal liberty, the right of the seaman "to own himself and dispose of his own body," in the words of those who advocated the Seamen's Bill, is not to be considered contrary to law or in any way a criminal offense, even when carried to the extent of breach of contract.

Any one familiar with shipping knows the pitiable conditions to which seamen, not only in this country, but also in Great Britain and other parts of the world, have been reduced by the practice of "crimps" or boarding masters. Moreover, accommodations for sailors at sea are never luxurious, and in the case of American seamen have been, according to statutory requirements, less advantageous than those of Great Britain. Even now, under the Seamen's Act, the unit of space allotted to each seaman's quarters is less than that of Great Britain.

No one has questioned the propriety or the necessity as a business proposition of rendering the seaman's lot a fair one. Consequently little, if any, criticism has been directed against those portions of the Seamen's Act in its final form, which provide for better quarters, limitations of allotments, greater provisions for safety. It has been indicated above that the principal objections to conditions restricting our merchant marine have been directed to matters which were the result of regulations and not of statutory provisions. One of the chief objections against the Seamen's Act, on the other hand, is that it makes statutory many requirements, most of which, it is widely admitted, should be confined to administrative regulation. The attention of ship owners and steamship companies engaged in developing our merchant marine in foreign trade has been particularly attracted to two requirements of the Act in addition to those affecting desertion.

The Language Test

The first of these is that 75 per cent of the crew in each department—namely, the deck department, the engine department and the steward's department—must be able to understand any order given by the officers of the vessel. The second provision is that, commencing with 40 per cent the first year in which the Act is effective, 45 the second, 50 the third, 55 the fourth, and thereafter 65 per cent of the deck crew, exclusive of licensed officers and appren-



A MODERN SEAGOING PASSENGER SHIP WHICH RECENTLY CAME UNDER THE AMERICAN FLAG—THE "SANTA MARTA" OF THE UNITED FRUIT COMPANY.

tices, must be of a rating not less than able seamen.

The avowed illustration for the necessity of the first of these provisions is generally understood to be the wreck of the steamship *Rio de Janeiro*. The home port of this ship was San Francisco. On the 22nd of February, 1901, returning from Hongkong, she struck a reef near the Golden Gate, and within twenty minutes sank, carrying with her a large number of passengers and crew and her entire cargo. The crew consisted of 84 Chinamen, officered by white men, none of whom could speak Chinese. Orders had to be translated either through the boatswain or chief fireman, the only two of the crew who understood English and both of whom appear to have shifted for themselves when the ship struck. The United States Court of Appeals held that the ship was insufficiently manned because the sailors could not understand and execute the orders made imperative by the exigencies of the wreck.

American ships operating on the Pacific are understood to be largely manned by Chinese crews, and their successful operation, it is claimed by ship owners, depends upon the cheapness of the labor thus obtained. The ship owners claim that the terms of the Seamen's Act practically preclude employment of Chinese labor in large numbers on their ships, and that consequently the American flag on the Pacific must give way to the Rising Sun of Japan. It is further urged that while the case of the *Rio de Janeiro* furnishes a good example of having an insufficient number of interpreters, or other means of communication between officers and crew, it provides no basis whatever for a sweeping condemnation of the employment of Chinese labor in order to enable American ships to compete with those of other nations which follow the same practice.

The Question of Able Seamen

There is a general consensus of opinion that the sinking of the *Titanic* had much to do in gaining support for the second provision referred to above, fixing the proportion of able seamen in the deck department. In this case claim was made that much loss of life resulted not from any special inefficiency on the part of officers or men, but because of the general fact that the men in the deck department were not experienced seamen and had an insufficient knowledge of seamanship, with all that term implies. This catastrophe was of an exceptional character in every way. And yet, of course, the terrible loss of life remains as a fact which has to be dealt with. It is claimed, however, that the lowering of some 15 or 20 life boats in the open sea at night and taking off over 700 persons in about two hours is in itself a creditable performance. In this case additional difficulties existed because at first the boats were lowered from a height of 50 or 60 feet and later when the ship had settled deeply

by the head. The Seamen's Act provides that each lifeboat must be manned by a competent number of men certified for their efficiency in handling lifeboats. This is not questioned. But the arbitrary establishment by statute of a large quota of able seamen—that is, men who have served three years on deck at sea or on the Great Lakes—has been vigorously criticised as causing an additional expense and creating conditions which offer unnecessary difficulty.

Foreign Treaties

In addition to the questions of desertion, the language test, and the crew requirements just described, the Seamen's Act contains a number of provisions among which one is of more than ordinary importance. This relates to the abrogation of all treaties with foreign

countries which conflict with the elimination of arrest and imprisonment for desertion. It is understood that some at least of the treaties in question have to do with general matters of commerce and navigation, and that their abrogation may prove the cause of much embarrassment to our government.

The Seamen's Act also divides the crew into definite watches, by statute, and allows seamen to demand at least half their wages, payable within 48 hours, at every port at which cargo is taken on or unloaded. Its range is very wide indeed. It adopts in general terms the provisions of the London Conference on Safety of Life at Sea in regard to lifeboat and other safety requirements; it adds to the legal requirements of the food scale; it stipulates that wash rooms, shower baths and other conveniences be supplied in certain proportions on every ship; it abolishes corporal punishment (which is claimed to have been abolished already in practice); it allows collectors of customs on their own motion or upon sworn information of any responsible citizen that the crew does not contain its stipulated quota of able seamen, to refuse clearance to any ship, and modifies a number of the disciplinary penalties now existing for disobedience, assault, smuggling, etc.

As regards American vessels, the Act does not take effect until November 4, 1915. In the case of foreign vessels, it takes effect apparently as follows: Where no conflicting treaty exists, March 4, 1916; where existing treaties conflict with the Act, July 1, 1916. Therefore no irrefutable conclusions can yet be drawn as to its actual effect in operation.

As to Foreign Built Ships

It has been noted above that two companies of American ships have signified their intention of either discontinuing service or transferring to a foreign flag. Mention has also been made of the extraordinary increase in the tonnage of our foreign merchant marine by the registry of foreign-built ships under the terms of the emergency Act of August 18, 1915, which was actually effective on the 4th of last September. The Seamen's Act was approved by the President, March 4. Up to that time the number of ships registered in the preceding six months, that is, since September 4, was 130, aggregating some 480,000 tons. All of these ships must have been of fair size, as their average tonnage is thus about 3,500 tons. From March 4 to July 1, only 21 vessels were registered, aggregating about 42,000 tons—an average of about 2,000 tons. It is estimated that there still remain some 300,000 tons of American owned ships of foreign build which are eligible for registry. Twenty-five of them, aggregating about 117,000 tons, now fly the British flag; another five, aggregating 60,000 tons, fly the flag of Belgium. The remaining

Opinions of Ship Owners on the Law

DESIRING to ascertain just how the men who are interested in shipping feel with regard to the Seamen's Act, THE NATION'S BUSINESS requested a number of the heads of steamship companies to state their points of view. Up to the time of going to press the following opinions had been received:

Does it "Sound the Death Knell" of the American Merchant Marine?

Those responsible for the legislation [Seamen's Law] have contended that, instead of discriminating against American shipowners, it will compel foreign shipowners to pay the scale of wages fixed by the American unions, by enabling foreign crews to desert in American ports. If the law could be successfully enforced against foreign ships, its inevitable effect would be an increase in rates to offset the increase in wages. But the high seas are open to all, and it seems most unlikely that our Government could be successful in so novel and drastic an attempt to force foreign governments to submit to our laws as regards the employment of their crews and the running of their ships. Such an attempt would not only result in sharp retaliatory legislation, but probably in serious international difficulties, and seems destined to failure.

On the other hand, if the Seamen's Act should be enforced exclusively against American vessels, its inevitable effect would be quickly to drive our flag from the seas. In these circumstances, it seems reasonable to expect repeal of the Act.

American capital is just as ready to go into the shipping business as into any other business if our Government will give it a fair and reasonable opportunity. But until our Government manifests a disposition to extend to American shipowners the same fair treatment extended by foreign governments to their shipowners, our country cannot expect to secure or retain a large and permanent American Merchant Marine, which is so earnestly desired by all.

The whole proposition respecting the Seamen's Act boils down to this: If the American people desire higher wages and special privileges for seamen on the high seas, someone will have to pay for them. If the law compels all ships entering our ports to pay higher wages, it means higher rates and the American farmer and manufacturer would have to stand the expense. If foreign ships escape the provisions of the law, as seems likely, and they should be enforced only against American ships, the law sounds the death knell of the American Merchant Marine.

EUGENE W. ONG

Assistant General Counsel,

Boston, Mass. *United Fruit Company*
"Fraught with Menace" and "Irreparable Injury"

Some of the provisions of this statute are fraught with menace and in some cases irreparable injury to the shipping of the United States. No uniform set of inflexible rules can be devised to be made applicable to a shipping of such a diversified character as that of the United States without having such consequences. The features of the Act, however, which are of most serious import and likely to be far-reaching in their effects are those requiring that at least sixty-five per cent of the deck crews, exclusive of licensed

officers, shall be certificated able-seamen, that seventy-five per cent of the crews in all departments of a ship, deck, engine-room and steward, shall speak the language of the officers, and that the seamen shall have the right to demand half their wages at each port after five days' service. To obtain a certificate as able-seaman in the coastwise and deep-sea trades requires a preliminary training of three years on deck. To insist that it requires three years' experience to acquire facility to perform the duties performed by the deckhands aboard a modern steamer is absurd; capacity alone should be considered. The other requirements of the Act, taken from the London Conference recommendations of November 12, 1913, providing for certificated lifeboatmen, amply provide for the safety of life at sea without this additional requirement of certificated able-seamen. The sole effect of this latter provision will be to restrict the number of available men for crews. These certificated able-seamen will naturally concentrate at the larger ports where there is greater opportunity for employment, and few will be found at the lesser ports along our wide extent of seaboard, where, should a number of these men leave a ship, it would be impossible to replace them. Should this happen at a foreign port, it is hard to understand where a shipmaster would be able to procure the requisite sixty-five per cent and as the ship could not leave port without them, the embarrassment can be imagined in the case of a ship having a large number of passengers booked, or a highly perishable cargo with mails aboard. Our existing statutes provide that a licensed officer who to the hindrance of commerce wrongfully or unreasonably refuses to perform his official duties shall have his license suspended or revoked, but there is no provision in the Seamen's Act for any such penalty in the case of certificated able-seamen. The only penalty incurred by the latter when he deserts his ship in violation of his shipping articles is that he shall forfeit his accrued wages, and the provision of the Act that a seaman shall be entitled to demand half his wages at the expiration of every five days is especially devised to minimize this.

Language Requirement Unreasonable

The language requirement will inevitably have the effect of displacing the American flag from the overseas trade on many routes, particularly where it is in competition with established Japanese lines, as the difference in the wages would be insurmountable. We will then have neither American ships nor American seamen in these trades. It is apparent to all but the unsophisticated that this provision of the Act is not designed to insure safety of life at sea. As a matter of fact all of our great disasters at sea have been on ships where not seventy-five per cent but one hundred per cent of the seamen in all departments of the ship spoke the language of the officers. There is no valid reason why an American steamship, officered by Americans holding United States Government licenses, should be denied the right by government to hire alien seamen to meet the competition of foreign nations when it is impossible to procure American seamen at the wages paid the crews of these foreign competitors. The United States Congress could as logically prohibit the use of machinery aboard ship because it does not speak the lan-

guage of the officers. Apparently our legislators cannot understand that over-seas trade is a bargain in which no one nation can assume successfully to dictate the terms.

The contention that the provision of this statute permitting foreign seamen to desert their ships and violate their contracts with impunity while in American ports will be availed of by these crews to demand the higher wages prevailing at American ports, and that by this means the wages cost on the vessels of all nations will eventually be equalized, fails to take into account that such crews would be liable to imprisonment upon their return to their own country.

H. H. RAYMOND,

President Clyde Steamship Line.

New York City.

Will It Make Shipping "Unprofitable?"

The effect of the Seamen's Act upon American shipping is exemplified by the prospective elimination of the Pacific Mail Steamship lines. These lines have been in operation since 1855 and provide a regular passenger and freight service between San Francisco and the Hawaiian Islands, the Philippine Islands, Japan and China, besides a regular service between ports on the west coast of the United States and ports on the west coast of Mexico and Central America. All of the steamers sail under the Stars and Stripes and those engaged in the Trans-Pacific service are among the finest vessels on the Pacific. The Pacific Mail Steamship Company has tenaciously continued the operation of these steamers under the American flag for several years without any government assistance or support, in spite of the heavy subsidies enjoyed by the Japanese lines and the Canadian Pacific Steamship line, with whose rates it has been necessary to compete, and perhaps it is not generally understood that the through traffic from and to points of production, distribution and consumption throughout the United States can be shipped through the port of Vancouver, B. C., over a Canadian railroad and steamship line, by Japanese steamship lines serving the ports of Seattle and Tacoma, as well as San Francisco, and via Atlantic and Gulf ports in connection with steamship lines through the Suez Canal and Panama Canal which are operated under foreign flags and subsidies of foreign governments.

Certified public accountants have recorded their finding that the requirements of the Seamen's Act will increase the cost of operation of the Pacific Mail service, in wages and feeding of crews alone, more than \$600,000 per annum, which is considerably more than the company has earned in excess of its fixed charges and cost of operation in any recent year.

Instead, therefore, of advancing the interests of American labor, whose voice was so persuasive, Congress and the administration, in the enactment of this statute, have forced out of employment the officers and men on the ships and in the offices of the steamship company, notwithstanding the testimony of experienced steamship officers before Congressional committees during the last two or three years that such legislation would have this effect.

LEWIS J. SPENCE,

Director of Traffic Southern Pacific Company.
 New York City.

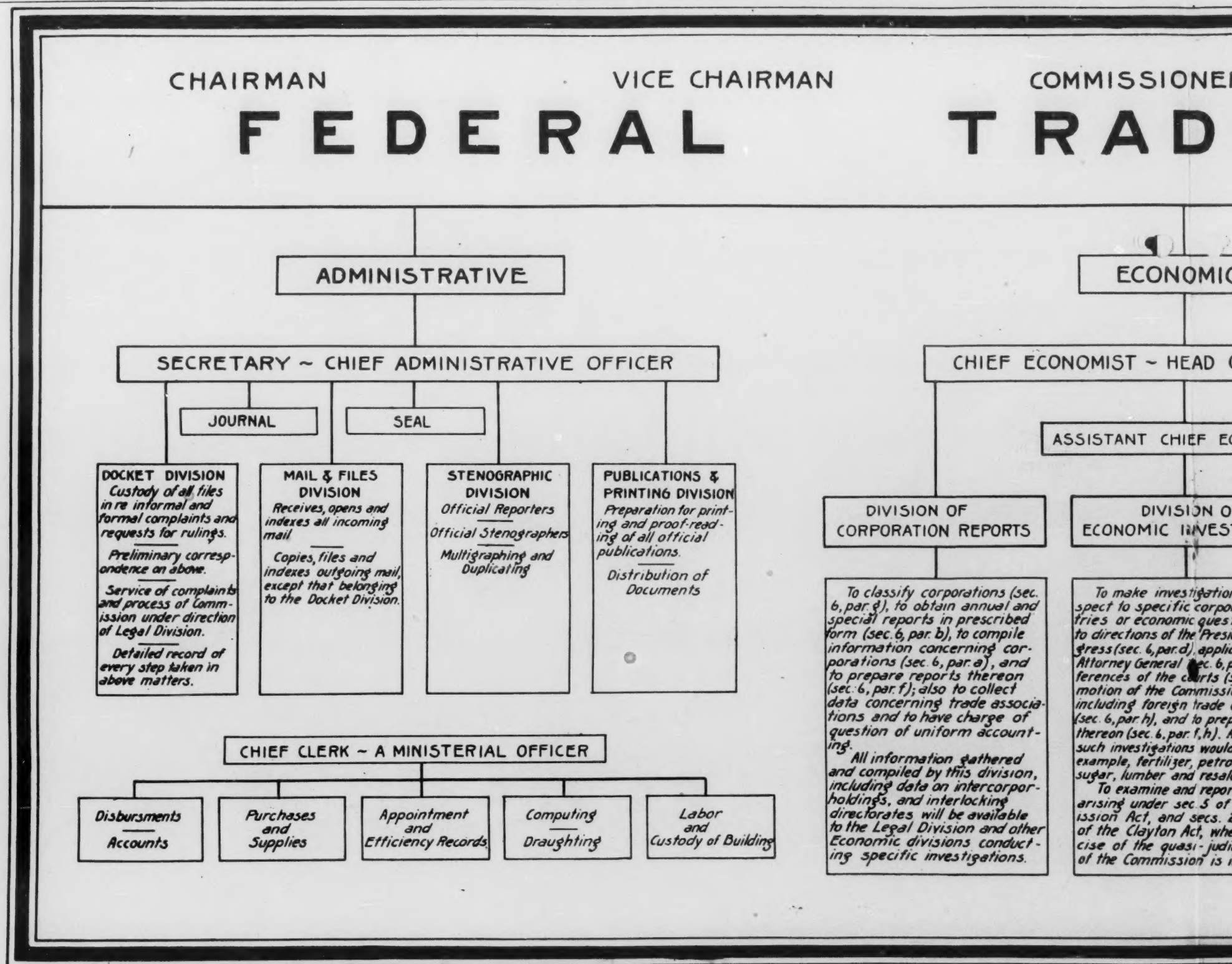
hundred thousand tons are miscellaneous cargo steamers flying the flags of various nations. Some of these ships have no inducement to change registry.

Too much, therefore, cannot be deduced from this notable falling off in the registration of foreign-built ships since the Seamen's Act became a part of our navigation law. The figures are given for what they are worth. It merely remains to be noted that the general terms of the Act will apply to foreign ships in American ports as well as to ships flying the American flag. British and German vessels must observe the requirements regarding able seamen and the language test as well as those regarding desertion of officers and men and the payment of wages.

It was brought out in evidence produced at

hearings before committees of Congress that in the foreign trade only about five per cent of the sailors employed on our ships are American citizens. On other occasions it has been claimed that the *sine qua non* for the building up of an American merchant marine is a measure which will equalize the cost of operation between American and foreign vessels. The inequality is said at present to lie chiefly in wages paid. If foreign ships could be deprived of special privileges and the assistance now afforded them in retaining their low-wage crews, namely, the co-operation of American officials in effecting the arrest and imprisonment of deserters, it is claimed, the inequality would disappear; the foreign crews would desert in American ports and their places would have to be taken by sailors who would demand American rates of wage.

The significance of the underlying principles of this newest addition to our navigation laws may therefore fairly be laid to questions in dispute between employer and employee. Certain practical difficulties in regard to its provisions may be obviated by amendment. But beyond them lies the ultimate question of the relations of owners and masters to seamen. That this question is one which demands intelligent and sympathetic study is obvious. In the meanwhile, ship owners claim, it should not be allowed to stunt the growth of our merchant marine in foreign trade nor prevent the manufacturers of the United States from enjoying every facility to embrace the rare opportunity which is now offered them for developing their export business to the general advantage of the entire country.



Organization of the Federal Trade Commission

PUBLICATION of the chart as shown above, which graphically indicates the manner in which the Federal Trade Commission has organized its expert and legal staff, marks the completion of most of the preliminaries with which the Commission has had to deal before it could turn undivided attention to the special matters of business concern which have been confided to its jurisdiction.

Formally organizing on March 16 and at once provided with the staff of the former Bureau of Corporations, the Commission has since participated in the Pan American Financial Conference, has held hearings in Boston and New York regarding conditions in foreign trade, and has published its rules of procedure. Moreover, it has held numerous conferences at Washington with business men and representatives of trade associations, who have placed before it a great detail of information about conditions in many branches of American industry. Incidentally, the Commission has continued several investigations which were begun by the Bureau of Corporations, such as an examination into the economic questions underlying the proposals for legislation to allow manufacturers to maintain resale prices for their goods.

Western Trip of the Commission

On July 19 the Commission will begin in Chicago a series of hearings regarding conditions in foreign trade. These hearings will occur in cities of the Middle West, the Northwest, and the Pacific coast, keeping the Commission away

from Washington for the greater part of six weeks. In the West there will be conferences, too, with respect to the situation in various industries, such as the production of lumber, fruit growing, and the like.

Lumber Industry Conferences

Conferences which the Commission will hold with a large committee from the National Lumber Manufacturers' Association in Chicago on July 19 and 20 exemplify the policy of the Commission to discuss with trade associations the principles and methods of their industries. Preliminary to the conference, representatives of no less than twelve separate lumber associations affiliated with the national association had meetings in Chicago on July 15. These special associations are interested in the manufacture of hardwoods, northern pine, northern hemlock, southern pine, cypress, and the kinds of timber which grow in the Northwest and in California.

The Accommodation of Business to Law

Statements made by individual Trade Commissioners rather emphasize a belief in the ability of the Commission not only to aid in the enforcement of law but also "to make more easy the accommodation of business to the requirements which government imposes for the benefit of society."

The quotation is from a speech delivered by Chairman Davies at Chicago. He added that readjustments in business should be brought about as easily and as rapidly as possible, ob-

viously giving the outline of a policy when he continued, "it is in the interest of the public that processes of suitable and amicable accommodation should be first exhausted by the Federal Trade Commission before it should institute formal complaints embarking upon a long and technical course of legal procedure."

Corporation Reports

The Commission in settling upon a plan for the organization of its staff of some hundred and fifty experts and other employees has sought to make any reports it requires of corporations serve immediately useful business purposes. For it has not only given to the division of its staff which will deal with corporation reports a duty of devising such forms as will assist in the standardization of accounting systems, but has planned to collate data from the reports on points of general business interest and make it public for the use of all corporations engaged in important industries. In this way, the Commission thinks it will help to prevent over-production, or the investment of new capital, in an industry in which supply may have already outrun the demand. It is possible, too, that information of this kind may assist in the reduction of the cost of operation through the standardization of products.

Banking Credits and Cost Accounting

On July 10, at the invitation of the Commission, Mr. Hurley discussed two methods by which the Commission might, in his opinion, assist American business. He suggested that

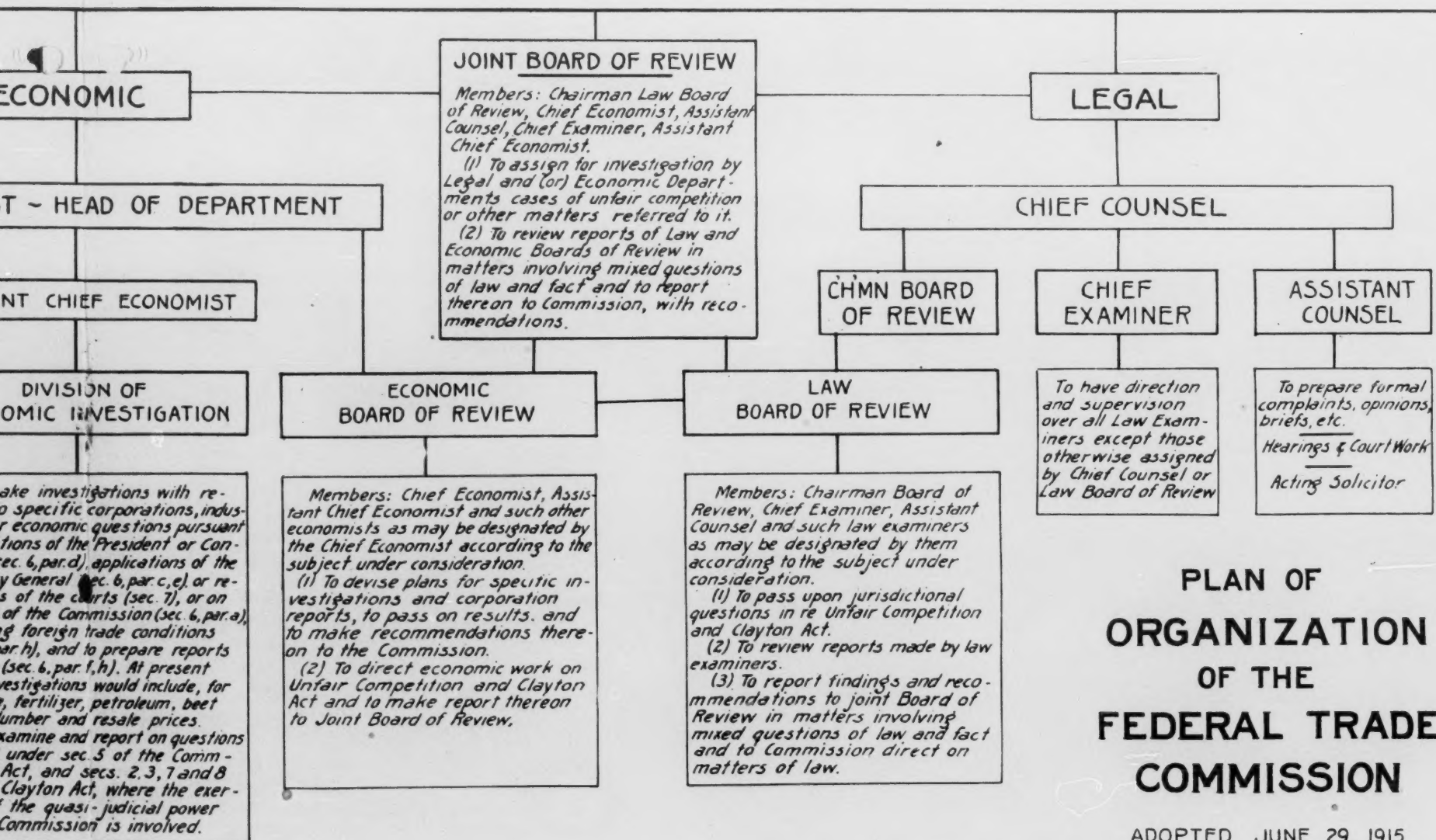
COMMISSIONER HARRIS

COMMISSIONER PARRY

COMMISSIONER RUBLEE

ADE

COMMISSION



PLAN OF ORGANIZATION OF THE FEDERAL TRADE COMMISSION

ADOPTED JUNE 29, 1915
 EFFECTIVE JULY 1, 1915

business men might be instructed how to obtain credits to which their operations entitle them, and might be aided in establishing standard systems of bookkeeping and cost accounting.

If accepted, these proposals would mean that the Commission would place the experience of its accountants, bookkeepers and experts in cost of production at the disposal of such manufacturers and merchants as care to make application. Service of this kind, according to the Commissioner, could in ordinary cases be rendered by sending to each applicant an approved form for presentation to his bank when he seeks credit, a form designed to show accurately his assets and liabilities, stock on hand, etc., a form of double-entry bookkeeping adapted to his particular kind of business, and a form and method of arriving at costs, also suited to his class of business.

The Commissioner even suggested dividing the country into zones and having in each zone experts in accounting, experts in costs, and experts in manufacturing, upon whom local business men might call for advice and assistance in instituting economies in their plants and business establishments.

Existing Government Activities

Encouragement of the use of standardized methods of accounting is not altogether a new thing with government officials. In the Department of Agriculture the Office of Markets and Rural Organization has published several complete systems of accounting for grain elevators and other cooperative enterprises which farmers conduct.

The use of such systems of accounting as are recommended by the Office of Markets is of

course entirely voluntary. In other words, the Office of Markets seeks only to lend assistance toward better organization and sound business methods and has no such functions of regulation as the Interstate Commerce Commission, which by law is authorized to require the transportation corporations over which it has jurisdiction to keep their accounts in particular forms.

Adverse Comment on Uniform Cost Accounting

The Chairman of the Trade Commission has, since assuming his present duties, issued a report regarding farm-machinery trade associations. In this report he made some observations which might be interpreted as somewhat inconsistent with Commissioner Hurley's point of view about cost-accounting. It is true that this report was prepared by the Bureau of Corporations, and put out over the title of the Commissioner of Corporations. Nevertheless, it may be taken as indicating a recent point of view of the present Chairman of the Commission, who was the Commissioner of Corporations until the Trade Commission was organized.

In the report in question it is implied that associations of manufacturers may have inaugurated among their members propaganda for uniform systems of cost-accounting as a means toward maintaining prices. In fact, the report says that fear of prosecution under the antitrust laws, as well as practical difficulties in making direct price agreements, led to this particular program on the part of associations.

Legal Department of Commission

There can be no doubt that questions of law will frequently come before the Commission. Consequently, it is appropriate that the second of the two distinctive bureaus of the Commission should

be a legal department complete with chief counsel, assistant counsel, chief examiner, and attorneys.

The announcement of the Commission when it made public the manner in which it has arranged its staff dwells upon the importance of the economic department, however, rather than upon the legal department. It is nevertheless clear that the chief counsel will be the legal advisor of the Commission, having the services of an assistant counsel and a force of attorneys who will draw the formal complaints of the Commission regarding methods of unfair competition, prepare the text of opinions which the Commission will deliver, write briefs on behalf of the Commission when the Commission enters the courts to enforce its orders against methods of unfair competition, and in general advise and represent the Commission.

Future Legal Questions

It will be recalled that under the Clayton Act interlocking of directors among business corporations anyone of which has capital and surplus of more than a million dollars will, under certain conditions, be illegal after October 15, 1916. Under somewhat similar conditions intercorporate ownership of stock among business corporations will become illegal on the same date.

The circumstances under which illegality in these connections will arise will be almost entirely dependent upon legal considerations. As yet the Commission has given no indication that it has devoted particular attention to its future jurisdiction about these matters, nor has it referred directly to its jurisdiction under the Clayton Act to deal immediately with discriminations in price and with exclusive-agency contracts in certain rather narrow cases.

What the Seamen's Act Means to American Ships

The Facts, Figures and Opinions of a Veteran Ship Owner

By CAPTAIN ROBERT DOLLAR

WHAT will be the effect which the Seamen's Act will have on American ships? I will confine my remarks, in replying, to foreign trade, and to the class of ships which have earned for Great Britain the control of the commerce of the world, viz: freight steamers of from 6,000 tons to 10,000 tons dead-weight capacity.

I make this classification because the Seamen's Act applies to all vessels of 100 tons or over. A 100 ton cargo "hooker" is placed in the same category with the 40,000-ton liner carrying thousands of passengers. This is about as sensible as to class a wheelbarrow with a 10 ton autotruck or a bicycle with a passenger express train.

Our laws and regulations must be changed to correspond to those of foreign nations with whom we come in direct competition. The laws of Great Britain are preferable as, under them, more than half of the steam tonnage of the world is successfully operated. It is fair to assume that the British regulations cannot be far wrong.

The Measuring of Ships

Our ships in foreign trade should be measured in exactly the same way as the British, so that we would not be compelled to pay into foreign treasuries 30 per cent more tonnage dues, dry-docking, wharfage, etc., than the ships of our competitors. The adoption of the British method could in no way injure our country, and it would remedy a gross injustice and discrimination against our ships. This matter has been thoroughly explained to Congress. As yet, however, we have no redress. Here is an example of difference in measurement: Steamer *Hazel Dollar*—Net register, American 3,582 tons, British 2,803 tons, difference 779 tons; Steamer *Bessie Dollar*—Net register, American 3,679 tons, British 2,797 tons, difference 882 tons.

Hydrostatic Pressure and Fusible Plugs

On American boilers hydrostatic pressure must be applied once a year. This causes serious delay and great expense. The operation racks the boilers and pipes which take weeks to get in proper condition, after each yearly test. This is not required by any other nation, except in Canada, unless a boiler has been weakened in some way. To show that this test is unnecessary, I need only state that the plates on an American boiler must stand a tensile test of 65,000 pounds, whereas the British test calls for only 62,000 pounds. When new, therefore, the American boiler is the best.

Fusible plugs are unnecessary for safety and changing them every six months causes great delay to the ship. They are not used by any other nation, and, there are no more explosions on foreign ships than on ours.

Is the Annual Inspection Necessary?

When her year has expired on arrival at an American port the new law insists that a vessel must be inspected. To be fair she should be permitted to go to her home port; all other nations permit this. The inspection, furthermore, must be all done at once. This adds to the expense since all work of loading or discharging is stopped while preparing for and conducting the inspection. All countries except America have arranged to have this done in such a way that there is no delay, and no expense whatever to the ship.

The Manning of Steamers

An American ship carries more men, and higher priced men at that, than the ships of any other nation. The American sailor, being better fed and paid than others, we are told, is able to do more work. If this be true why is it that we must have more men than are carried on the ships of other nations? This is a very serious matter. The cost of an American ship is about \$4,000 more a year than those of its foreign competitors. Is not this unreasonable, unjust and uncalled for?

These and many more expensive rules were in existence before the Seamen's Act came into

force. While the Panama Act permitted us to buy ships, up to five years old, in foreign countries and register them under our flag without cost, not a single ship took advantage of this privilege. This is because the extra cost of operating has prevented American ships in foreign trade from operating except at a loss.



Copyright by Harris & Ewing.

CAPTAIN ROBERT DOLLAR, PIONEER SHIPOWNER OF THE UNITED STATES

Such were the conditions up to the time of the passage of the Emergency Bill, last August, which permitted us to change the flag and operate our ships exactly as we had been doing under foreign registry. Since that time shipping of only about 500,000 tons has accepted this offer. Owners were afraid, and justly so, that some other restrictions would be imposed that would nullify the Emergency Act.

We did not have long to wait. On March 4, down came the Seamen's Act on us like a thunderbolt out of a clear sky. On the Pacific Ocean this closed out the last hope of ever seeing an American merchant marine. Furthermore, for some unknown reason, by this Act, Congress completely turned over to the Japanese the commerce of this great ocean to American ports.

The actual figures, taken from the books of ships concerned, will convince the most skeptical as to what the Seamen's Act will do to us.*

To take the question of wages, perhaps the most important of all, a comparison of the figures given in the books of three typical steamships will be interesting. The American steamer *Algoa*, manned according to the requirements of the Seamen's Act with a complement of forty-nine men, has an expense of \$3,270 a month. The American steamer, *Robert Dollar*, now manned under the Emergency Act, as though she were a British ship, with forty-seven men, shows a monthly expense of \$1,308. The Japanese steamer, *Asama Maru*, now under charter to the Robert Dollar Company, and manned according to Japanese law, fully meets the requirements of the Seamen's law. The expenses of its thirty-six men per month is \$795. The nominal horsepower of these three vessels is practically the same, therefore the comparison is a fair one. It should be said here that according to British and Japanese law, neither a third

mate nor a third engineer is required, although in the cases of these ships they are carried. The figures show that the American steamer, complying with the Seamen's law (the *Algoa*) costs per month in wages almost twice as much as the other two steamers, British and Japanese registry, combined,—that is, under the British and Japanese registry, it costs only a little more than a third as much to run a steamer as under the Seamen's law.

A Partial Summary of Our Handicap

	Per Annum
Extra expense of inspection to meet American requirements	\$ 3,000
On account of extra measurement cost in Asiatic trade	5,500
The difference in wages and board of men on Steamer <i>Algoa</i> vs. <i>Robert Dollar</i>	23,544

Extra cost of an American vs. a British steamer per annum

Both the steamers considered above are paying American wages to officers on a valuation of \$250,000. This figures 13 per cent, which is more than steamers in the foreign trade generally make. No reasonable minded man will dispute that this law completely and effectually puts Americans out of the Pacific Ocean trade.

President Wilson stated to the Pan American Conference in Washington in May that, "I am perfectly clear in my judgment that, if private capital cannot soon enter upon the adventure of establishing their physical means of communication, the Government must undertake to do so." Had the President been in the possession of the above figures, he certainly never would have made such a statement. The operation of an American ship in competition with those of all other nations is so utterly impracticable that no business man would entertain it for a moment.

The advocates of subsidies might—it may be said—use my figures to bolster up their case. But surely no Congressman would be bold enough to advocate that each cargo steamer be paid \$32,044 per year, yet this is what would be necessary. A subsidy is out of the question, and need not be considered. Furthermore, the shipowners of this country are an independent folk, and would scorn to be fed at the public crib.

With mail steamers it is a different proposition. The Government demands speed in the carrying of the mail, and paying mail steamers a reasonable and fair compensation should be continued.

How the Situation Developed

Before the Emergency Act was passed, American citizens owned more than two and one-half million tons of shipping that was operated under foreign registry. The figures here quoted must show to the most skeptical the reason why they were not under the Stars and Stripes. If our laws were amended to correspond to those of all other nations, we would be operating all these ships under the American flag.

I would say that our laws must be changed so as to enable us to operate our ships in competition with those of all the nations of Europe. To do this, it is necessary to amend our navigation laws and our inspection requirements. But this would not cost the people of the United States one cent. When we have stable laws of this description our shipowners will take courage and give us a real merchant marine.

The time has certainly arrived for some constructive legislation. In the last session of Congress sixteen bills were introduced to restrict and restrain the operation of ships, and not a single bill to aid or assist us. We should have, I believe, a Commission of shipping men, not politicians, to draft these laws, and to advise Congress, thereby preventing any future blunder like the Seamen's Act, the only result of which is to drive the last American ship from the ocean.

*Captain Dollar supplied detailed figures in a complete table. Lack of space, however, prevents our using this table and the totals only are given.

New Orleans, the Gateway of the Mississippi

How the Louisiana Metropolis is Rebuilding Her Port for All the Central West

By WALTER PARKER

General Manager of the New Orleans Association of Commerce

NEW ORLEANS is rebuilding her port. Her people thought about it a long time; so long, in fact, that opinion had ample opportunity to crystallize around the essential and important things.

New Orleans has planned and financed, and is now engaged in creating a system of port facilities and equipment that has already begun to attract the attention of shippers all over the country. Merchants of the Mississippi Valley are particularly interested, because they look to New Orleans as the natural gateway through which they may, under proper economic conditions, enjoy closer relations with Central and South America and the Orient.

How Railroad, River and Ocean are Linked

The coordination of river, rail and ocean is the object sought. This object is being realized in two ways. In the first place, river front facilities, publicly owned and operated, are being supplied, open to all shippers on equal terms, for the handling, housing and storage of what is known as even running commodities, such as cotton, corn, wheat, flour, rice, lumber, steel, hides, bananas, canned goods and for general cargoes. In the second place, auxiliary water frontage is being provided by the Board of Port Commissioners, this open, however, to ownership, development and use by private enterprise.

We are aiming to utilize to the full those great economies possible only because the harbor frontage of New Orleans is owned by the public. Thus we are able to eliminate the necessity for heavy investments in valuable river front property. Another important factor in our success is the ability of the controlling board to extend the new facilities to all shippers alike. This treatment of all alike is made easy through the operation of our municipally owned belt railroad which connects all our trunk lines, all our wharves and landings and all the important industries in our city. Before this publicly owned facility was provided switching charges ranged from \$8 to \$22 per car. Now they are \$2 per car.

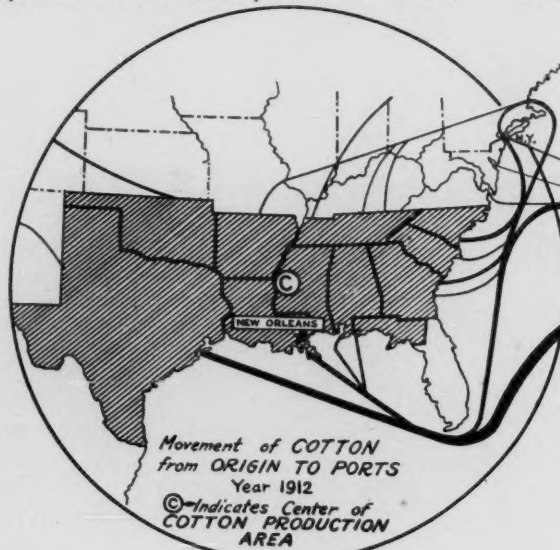
Cooperation of Legislature and People

Through the opening of a locked fixed level canal which will connect the Mississippi River and Lake Pontchartrain, an arm of the Gulf of Mexico in the rear of the city, auxiliary navigable water frontage will be provided. The opening of this canal, and as many laterals as the commerce of New Orleans may ever need, was provided for by an amendment to the constitution of the State of Louisiana adopted last November. These waterways should soon be in course of construction. Our idea is to supply as many water front sites for factories, private warehouses and other industries as may be needed, thus eliminating the danger of monopoly. Each site will enjoy belt railroad connection. In this way each commodity mover may use any boat, barge or ship at his own door, or any wharf and landing on the river front or any main line railroad over the public belt. This guarantees complete independence in the routing of freight.

Meanwhile, at the request of the New Orleans Association of Commerce, the people of Louisiana

have adopted two constitutional amendments, changing the fundamental law of the state relating to business capital and investment funds and the outside supply of money. Foreign banks and the banks of other states may now enter Louisiana and, by paying a nominal tax, compete with Louisiana banks for the business of financing commerce. The banks of the state are satisfied because the new law cannot fail to result in an important increase in deposits. Under the old law many depositors, fearing they would be taxed in Louisiana, preferred, as a matter of caution, to use the banks of other states.

New Orleans' cotton warehouse, now fast nearing completion, covers an area of 100 acres. The buildings are of reinforced concrete, and at the outset will have a capacity for handling 2,000,000 bales annually. The ultimate capacity will exceed 4,000,000 bales annually. Fire insurance companies have agreed to a rate on cotton stored therein of 15 cents per \$100. A large portion of the cotton produced in the South now



THE COTTON COUNTRY WHICH NEW ORLEANS IS TRYING TO SERVE MORE EFFICIENTLY.

pays an insurance rate as high as \$2.50 or \$3 per \$100 of value. Our idea is to reduce to the lowest practical figure the cost of handling of boat and railroad cotton into the warehouse. This places the boats on practical parity with the railroads insofar as port terminal facilities are concerned, a favorable position which they have never before enjoyed.

Features of the New Cotton Warehouse

The warehouse "plant" will embody a number of entirely new facilities. One of these is known as a "bale puller." Its purpose is to extract any bale from any pile without moving any other

bale. It merely relieves the strain of the pile from the bale wanted and then withdraws the bale. Another is an automatic weighing machine which weighs each bale as it passes along a conveyor. Still another is an equipment of electric trucks and internal concrete runways.

The manager of the warehouse and the employees who will operate the plant will be selected by a board representing the New Orleans Clearing House Association, the New Orleans Cotton Exchange, and the Board of Port Commissioners. In this way the Louisiana Legislature has safeguarded this state-owned port facility from political control or interference.

The warehouse will issue a warehouse receipt for each bale or lot and attached thereto will be a certificate issued by the Classification Department of the New Orleans Cotton Exchange, showing, under guarantee, the class, staple, character, condition and weight of each bale.

This plant will afford shipside storage, which cotton men say will be ideal. In it, at a primary point of export, surplus supplies of cotton may be carried, subject to instant needs of all consuming markets. Cotton once passing into store at Liverpool, Bremen or Havre cannot pass to the consumers of America, because the freight has already been paid to Europe. But cotton held in shipside storage at New Orleans can, whenever needed, pass to the consumers of America, Europe or Asia, under economic conditions.

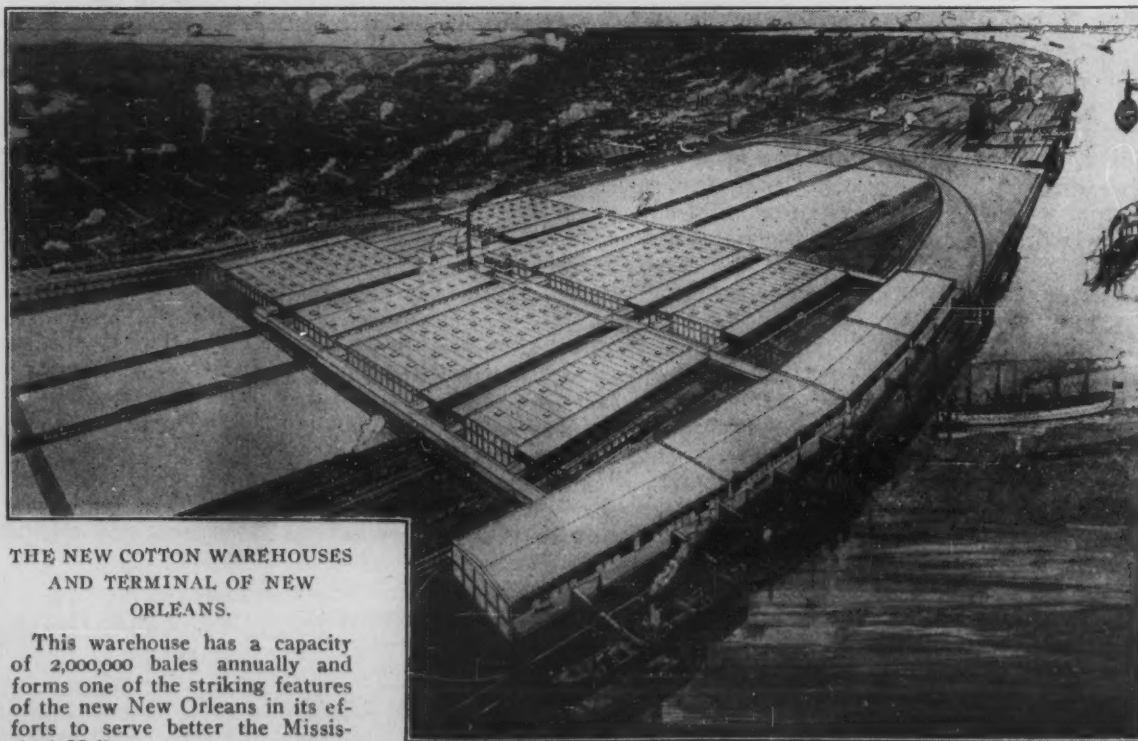
The Louisiana Legislature recently amended the state's banking and port bill of lading laws so as to meet in the most practical manner, the anticipated needs of cotton handlers growing out of the operation of the new cotton warehouse.

Other Modern Facilities Installed

This cotton handling plant is merely symptomatic of what New Orleans is doing. Similar facilities are provided for and soon will be created for wheat, and so arranged that ships may load cotton and wheat at the same time, thus saving much valuable time. There is also to be a great coffee warehouse at ship, boat and railroad side. Here the surplus supply of coffee will be carried and drawn upon as needed by the distributors of the Mississippi Valley.

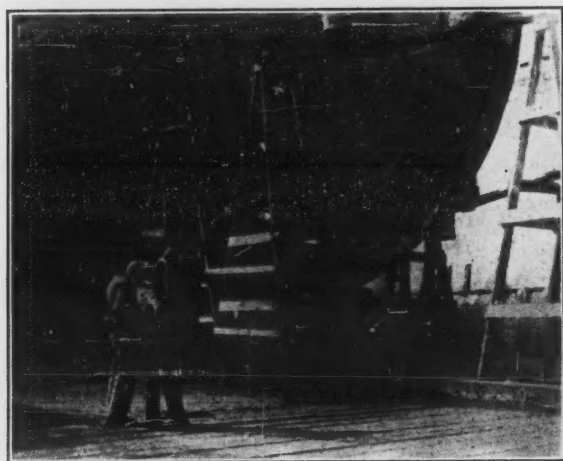
Other facilities for rice, corn, lumber and all the varied commodities that go to make up New Orleans' total of practically \$300,000,000 of import and export commerce annually are provided for by law, are practically financed now, and will soon be under construction.

In all of its endeavors in this respect, New Orleans has realized that it has a very important function to perform for the entire Mississippi Valley, and its facilities are being provided for the benefit of Chicago, Davenport, Minneapolis, St. Paul, Cincinnati, Pittsburgh, St. Louis, Kansas City and Memphis, as much as for New Orleans herself. Ship lines connecting up the Valley gateway with the west coast of North America with the Orient, and with the east coast of South America, are badly needed. New Orleans now enjoys excellent connection with Central America, parts of South America and with Europe. In the work of getting more ships, New Orleans has asked the Valley to help, the Valley in whose interests such ships will open many new markets.

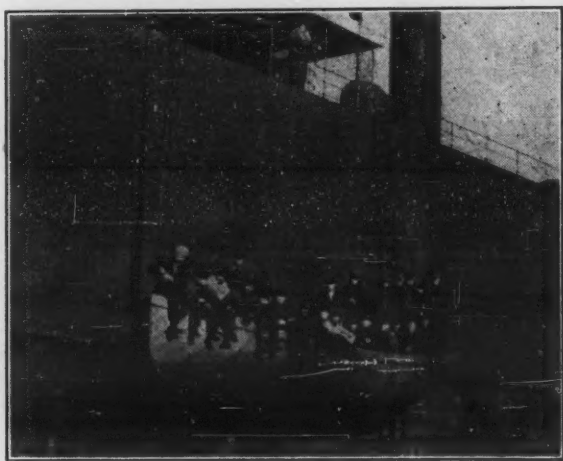


THE NEW COTTON WAREHOUSES AND TERMINAL OF NEW ORLEANS.

This warehouse has a capacity of 2,000,000 bales annually and forms one of the striking features of the new New Orleans in its efforts to serve better the Mississippi Valley.



Photographs loaned by the Steamboat Inspection Service.



Testing Life Boats, Grand Haven, Mich., one of the routine tasks of inspectors.



Indicating where reenforcing plates are to be attached to a ship's hull.

THE SORT OF WORK THE STEAMBOAT INSPECTION SERVICE IS DOING EVERY DAY—MAKING CRAFT, NEW AND OLD, SAFE FOR TRANSPORTING MEN AND GOODS.

Inspectors discussing the question of reenforcing the keel of a ship they are examining.

The Work of the Steamboat-Inspection Service

Scope and Activities of this Important Bureau of the Department of Commerce

BY HON. EDWIN F. SWEET
Assistant Secretary of Commerce

From time to time THE NATION'S BUSINESS publishes informational statements concerning the work of the various Government bureaus. This account of the work of the Steamboat-Inspection Service, appropriate in connection with our other material on marine matters, is by the Assistant Secretary of Commerce, who is personally familiar with the subject.

LIKE the Coast and Geodetic Survey and the Bureau of Lighthouses and some other bureaus of the Department of Commerce, the Steamboat-Inspection Service of the United States has for its chief object the protection of life and property at sea.

One of the first requirements for safety at sea is that the ship itself shall be sound and properly constructed. It is the business of the local inspector of hulls, an important official of the service, who is asked to give an inspection certificate to a steamboat, to see that she is sound and seaworthy. Examinations must be made at least once a year.

Plans for New Ships Must be Inspected

By a recent resolution adopted by the board of supervising inspectors the owner of a new steamboat of over 100 gross tons, when making application for the first inspection, must furnish the local inspectors who represent the Service a drawing or blueprint in plan and section, showing fully the general construction of the vessel, the kind of material used, the construction and location of bulkheads, and all details which bear upon the safety and durability of the ship. It thus becomes possible for the local inspectors to call attention in advance to faults of construction or the use of unsuitable materials.

In addition to the annual inspection of the hull itself, the local inspector of hulls carefully examines every part of the equipment of the ship, including her lifeboats, life-preservers, and other life-saving apparatus required by law. He sees that there are enough lifeboats to satisfy the legal requirements, that they are in first-class condition, and that they have on board all of the equipment required. He personally examines the life-preservers, and counts them to see that their number is equal to the number of passengers to be carried on the boat. He examines their construction, and the material from which they are made, and sees that they are in first-class condition, ready for effective service.

The inspector of hulls also gives careful attention to the fire-fighting equipment. He must know that the quantity of fire hose on board is sufficient and also that it will stand the requisite pressure.

Whenever a vessel is placed in dry-dock, it is required that this fact be reported to the local inspector who personally examines her while out of water to ascertain the condition of the parts of the hull which are usually submerged.

Boilers Are Under Constant Surveillance

The local inspector of boilers is provided with blueprints showing the construction of the boiler in every respect, and he personally inspects the boiler itself, and subjects it to severe tests to determine its fitness for the service required. He even examines the iron or steel plate to be used

in the construction of new boilers and tests its tensile strength, homogeneity, toughness and ability to withstand the effect of repeated heating and cooling.

The Supervising Inspector General may, under the direction of the Secretary of Commerce, detail assistant inspectors from any local inspection district to inspect iron or steel boiler plates at the mills where the same are manufactured. If the plates are found in accordance with the requirements of the service, the assistant inspector stamps them with the initials of his name, followed by the letters and words, "U. S. Assistant Inspector," and the material so stamped is accepted by the local inspectors in the districts where such material is to be manufactured into marine boilers as being in full compliance with the requirements of the law regarding the inspection of boiler plates. It is necessary that boilers as well as hulls shall be inspected as often as once each year.

Oversight of Workers on Steamboats

In addition to the examination of hulls and boilers, it is the duty of the local inspectors to examine the individuals who are placed in charge of steamboats. Applicants for marine license must submit to the inspectors evidence of their experience and must pass a rigid examination. This does not now apply to the operators of motor boats. If it is subsequently ascertained that a licensed officer is careless or incompetent, his license is suspended or revoked.

Whenever a collision or any casualty at sea occurs the local inspectors of the district in which it occurs investigate its cause and do everything in their power to place the responsibility where it belongs, and to take such action as will prevent its recurrence. In all such cases the two local inspectors constitute a board and their authority somewhat resembles that of a subordinate court. From their decision there is an appeal to the supervising inspector of the district, and from his decision an appeal may be taken to the Supervising Inspector General, whose decision is final.

Under the new Seamen's Act, it will be necessary for the Steamboat-Inspection Service to issue certificates to "able seamen" and lifeboat men. On account of the great number this will require an immense amount of work. It is quite probable that it will necessitate a material increase in the number of employees in this service. It will surely do so if a card record is kept of each of the many thousands of such seamen and lifeboat men as is now kept in the central office at Washington of each licensed officer.

Personnel of the Inspection Service

The head of the Steamboat-Inspection Service is the Supervising Inspector General, who has

personal charge of the Washington office and general supervision over the entire work of the Bureau.

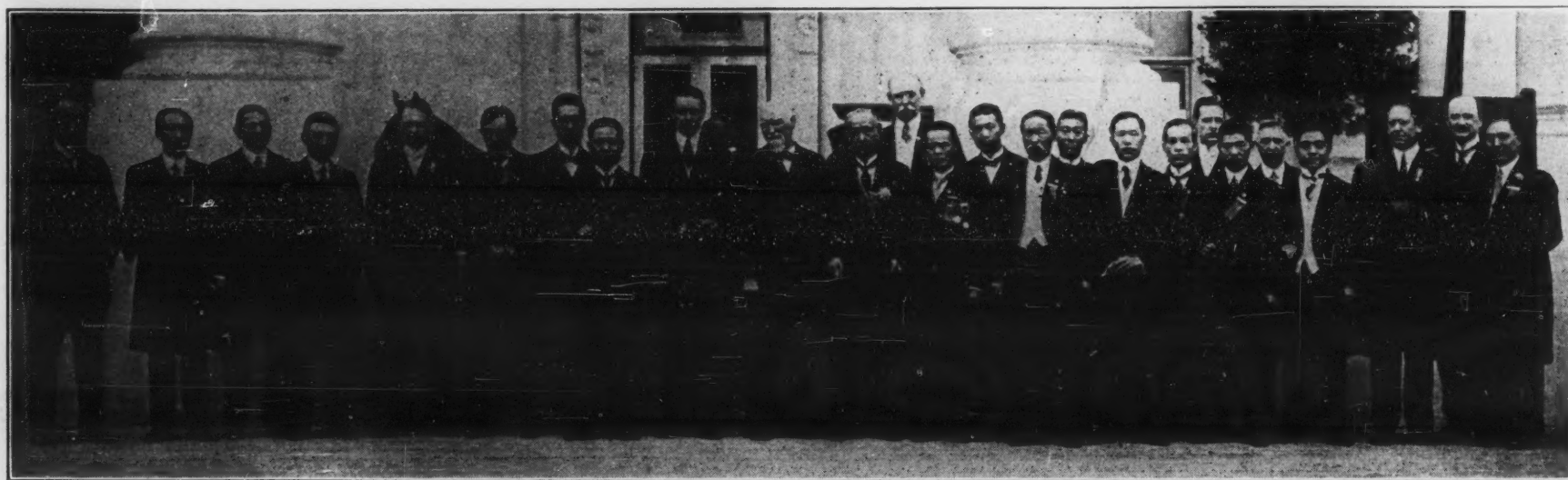
The United States and its territorial possessions (except the Philippine Islands), are divided for the purposes of steamboat inspection into ten districts. Over each of these districts is a supervising inspector who resides in the district and is responsible for the service within his jurisdiction. Each of these ten districts is divided into local districts, the number depending upon the number and importance of its ports. Over each of the local districts so determined, there is a board of local inspectors, consisting of the local inspector of hulls and the local inspector of boilers. At the larger ports assistant inspectors of hulls and assistant inspectors of boilers are required. Every board of local inspectors has at least one clerk who attends to such bookkeeping and clerical work as may be required and keeps the office open for business while the local inspectors are absent on their inspection duties. At some of the larger ports, more than one clerk is required. In the office of the Supervising Inspector General at Washington there is a chief clerk who acts as Supervising Inspector General during the absence of that officer, and also several subordinate clerks. By a carefully worked out card system the fullest information with regard to the work of all the local inspectors is so kept as to be at all times immediately available.

Besides the supervising and local inspectors mentioned, there has recently been introduced into the service a traveling inspector under the direct control of the Supervising Inspector General. By going from one district to another he is able to standardize the work and to cause the inspectors in each district to adopt the methods that have been tried and approved elsewhere. It was expected that the influence of the traveling inspector would be to bring all the districts up to the level of the best, and during the few months it has been in operation this expectation has been justified.

The clerks in this service are paid salaries ranging from \$900 to \$1,500 per year; the assistant inspectors from \$1,500 to \$2,000 per year; the local inspectors from \$1,600 to \$2,500 per year; the supervising inspectors \$3,000 per year; and the Supervising Inspector General \$4,000 per year. The total expenses of the Steamboat Inspection Service for the present year are \$539,140.00.

History and Development of the Service

The origin of the Steamboat-Inspection Service is found in an act of Congress approved July 7, 1838. By this act inspectors were appointed by district judges of the United States and were paid the sum of \$5.00 for each steamboat inspected.



Photograph by Clinedinst, Washington.

THE CHINESE MERCHANTS AND BANKERS, WITH THE AMERICAN BUSINESS MEN WHO MANAGED THE TRIP, PHOTOGRAPHED AT WASHINGTON.

This photograph which was taken after the Commission had visited President Wilson at the White House late in May, includes: Cheng-Hsun Chang, Chairman of the Commission, the richest man in China (with the cane and decoration on his coat); to his right Captain Robert Dollar, pioneer American shipowner; next to him is Hon. William Phillips, Third Assistant Secretary of State; to Mr. Phillips's right, Kai Fu Shah, Chinese Minister to the United States. The young Chinaman on the extreme right of the front row is David Z. Yui, Secretary of the Commission. To his right is Hon. Will H. Parry, of the Federal Trade Commission, and to the right of Mr. Parry is Mr. C. B. Yandell, Secretary of the new Seattle Chamber of Commerce. The fifth figure from the left is Warren Manley, Acting District Secretary on the Pacific Coast of the Chamber of Commerce of the United States, and representative of the Chamber with the party.

What the Chinese Business Men Learned From Us

BY WARREN MANLEY*

AFTER a highly successful trip of fifty-two days through twenty-nine states, covering more than 10,500 miles, the Honorary Commercial Commissioners from the Republic of China sailed homeward on the first day of the present month. While there may be no direct and tangible results of the trip, the indirect results and benefits certain to follow in the near future are innumerable.

In the course of the trip more than one hundred of the largest industrial plants of various kinds, many of them the largest in the world in their respective fields, were inspected. In addition to the 10,500 miles covered by special train, fully 1,500 miles were traversed by automobile in going to and from the factories. A great many miles by boat could be added to this total, since San Francisco, San Diego, New Orleans, Washington, Baltimore, Philadelphia, New York, Providence, Buffalo, Seattle and Portland, all afforded the Commissioners an opportunity to inspect their respective river and harbor fronts by boat. As no one in the party carried a pedometer, it will be impossible to state the distance the members of the Commission walked in inspecting factories, stores, warehouses and industrial plants of every description. The working day, with few exceptions, was sixteen hours long. Mr. Chang, the chairman of the Commission, a gentleman of seventy-five years of age, won the envy and the admiration of everyone for his tireless and persistent energy, ambition and enthusiasm in inspecting mile after mile of looms, lathes, drills, shafting, motors, boilers, engines, dynamos, pipes, chains, conveyors, furnaces, and all sorts of machines used in the manufacture of the thousands of articles that were brought to the attention of the Commission, and many of which can and will be used in China.

* Special representative with the party of the Chamber of Commerce of the United States.

What Some of the Eminent Chinamen Stand For

When Mr. Nieh, the vice-chairman of the Commission, calmly announced that for the last ten years he averaged a net profit of twenty-five per cent in his cotton mills, some idea of the amount of business that awaits the hustling American exporter was realized. Mr. Nieh stated that he had learned much in this country that will benefit him in his business, both in producing and in exporting his goods.

Mr. Lim Pak Chan, who is at the head of the largest fire insurance company in China, with headquarters in Canton, besides being a banker, has 800 girls working for him in the silk industry in and about Canton. He stated in an interview with the Chamber's representative that he produced \$5,000,000 worth of silk a year. Up to the time of the war all of this had gone to Lyons, London and other European points, besides Japan. Two million dollars' worth of this silk eventually found its way over to the American looms, after passing through the hands of a third party. Mr. Chan's initial tour of the United States has resulted in a desire to master the modern American methods, thus preparing the silk in the manner required by the mills of this country. The two million dollars' worth of silk that come to this country by an indirect route, could thus be shipped direct to the consumers in the United States.

American Branch Office Established

Mr. Huan-Hsin Liang established an office in New York during his visit, where he will represent the Sue Kow Shan Government Lead Mine as well as the Wah Chang Mining and Smelting Company, of Changsha, Huan Province. Mr. Liang probably exports more antimony to the United States than any other individual or company. In speaking of the trip, Mr. Li Chi Chu, secretary of the Chinese General Chamber of Commerce and secretary of the Shanghai Nanking Railway of Shanghai, said:

General and the board of supervising inspectors.

This board of supervising inspectors is an important feature of the service. Under the provisions of Section 4405 R. S., the supervising inspectors of the several districts and the Supervising Inspector General are required to meet together as a board once in each year at the city of Washington on the third Wednesday of January, and at such other times as the Secretary of Commerce shall prescribe for general consultation. At these meetings of the board of supervising inspectors are passed the general rules and regulations which must, of course, conform in all respects to the laws governing the Steamboat-Inspection Service.

Congress, when it conferred upon the board of supervising inspectors authority to make rules and regulations, inferred that these inspectors

Our trip was most enjoyable. We saw and learned things of immense value. Especially in America is machinery important. We were greatly impressed by the marvelous work of some machines representing 100 laborers and others 1,000 laborers. I think that this trip will mean a great deal of importation of machinery by China.

During the luncheon given in honor of the Commissioners at the Westinghouse plant in Pittsburgh, Mr. David Z. T. Yui, the honorary secretary of the Commission, stated that they never knew before that Westinghouse goods were made in America, as in China they had only seen the British product. Mr. Herr, president of the company, announced later that an arrangement had been made whereby the British and American manufactured products would hereafter be sold in China on an equality, whereupon Mr. Yui stated that, hereafter, they would buy American goods. This one arrangement alone means millions to this country annually.

Mr. Cheng-Hsun Chang, the chairman of the Commission, found out that the barrels he has been buying from Austria are actually manufactured in Memphis, Tennessee. He stated that the American product would hereafter be purchased by him for his winery, the largest in China.

Mr. S. C. Thomas Sze has made arrangements to have a purchasing agent in this country for the Kailan Mining Administration, of Tientsin, of which he is the assistant general manager. This company mines 10,000 tons of coal daily, and owns and operates its own railroad and steamship lines for the distribution of its product.

Mr. Yen-Pei Huang, ex-commissioner of education and Vice President of the Educational Association of Kiangsu Province, Shanghai, while in this country made a thorough study of our public school systems, which will undoubtedly result in many innovations in the wonderful school systems the Republic of China has planned, not only for her boys and girls, but for her middle-aged men and women as well.

This act provided for lifeboats, signal lights, fire pumps and hose, and also for iron rods or chains in place of rope for the steering gear. The boilers were required to be inspected every six months and hulls every twelve months. This act was modified on March 3, 1843, and again on March 3, 1849.

On August 30, 1852, the present Steamboat-Inspection Service was created by what is known as the "Steamboat Act." This provided for nine supervising inspectors and for local inspectors at various ports. It also provided for lifeboats, life-preservers, and other life-saving equipment, and for the licensing of engineers and pilots for passenger steamers and for the stamping of boiler plate. It was amended from time to time until February 28, 1871, when was approved the act creating the position of Supervising Inspector

would be practical men in close touch with the shipping interests of the country and that they would be fully qualified to make suitable rules and regulations in regard to the inspection of vessels, life-saving apparatus, etc. The rules and regulations adopted by the board of supervising inspectors are without force until approved by the Secretary of Commerce, but when so approved they have all the force and effect of statute law.

The total number of persons now connected with the Steamboat-Inspection Service is 267. There are 10 in the Washington office. In the service at large there are 10 supervising inspectors, one traveling inspector, 47 local inspectors of hulls and 47 local inspectors of boilers, 41 assistant inspectors of hulls and 42 assistant inspectors of boilers, and 69 clerks to boards of local inspectors.

Three New Referenda Ordered by the Directors

A Fruitful Meeting, a New Director, and an Increase in Membership

THREE new referenda, each on a question of pressing interest to the business world, were ordered taken when the board of directors of the Chamber of Commerce of the United States met in the rooms of the Merchants' Association of New York, in New York City, June 29 and 30. This establishes a new record for a single meeting's accomplishment. Within the near future, commercial organizations throughout the United States will have a chance to put on record their suggestions for insuring greater stability of international conditions; to express themselves on the subject of the much discussed Seamen's Act; and to pass on a series of recommendations for the development and improvement of the foreign service in the Department of Commerce. Numerous other topics recently offered for referendum—upon which the organization has not been able to act—or matters brought to the attention of the Chamber with a request for some form of action—emphasize the field of usefulness to be served.

The Merchant Marine Referendum

In addition to providing for these referenda, there was a canvass of the vote on the Merchant Marine referendum, an account of which will be found on another page. There was also an enthusiastic ratification of the action of the Executive Committee in voting to cooperate in the establishment of commercial arbitration with the Argentine Republic through the agency of committees of the Chamber of Commerce of Buenos Aires and the Chamber of Commerce of the United States. These negotiations were initiated at the Pan American Financial Conference in Washington and the full story was printed in the June issue of THE NATION'S BUSINESS.

Arbitration and Pan American Trade

President Fahey explained the various stages of conferences which had been held between the delegates from Argentina and the members of the committee representing this country. The President was authorized to make the temporary conference committee permanent, so far as the United States was concerned. A notable incident in the discussion was a high tribute paid to the commercial integrity of the Argentinians by A. B. Farquhar, of York, Pa., an honorary vice-president of the National Chamber. Mr. Farquhar said he had been doing business with the people of that country for years and with the greatest satisfaction. He cited two instances, cases involving large amounts of money, in which the question of deciding the difference had been left entirely to the Argentinians. These cases, he declared, had been decided in his favor and to his mind very fairly.

The Referendum on the Seamen's Act

Up to the present time discussion of the Seamen's Act has centered in coastwise cities. By the action of the board of directors, however, in ordering a referendum (since the National Chamber is able to offer the means of such a comprehensive canvass), the much discussed question will be put before upwards of 600 chambers of commerce and national trade bodies in the United States and in Hawaii, Porto Rico and the Philippine Islands. Thus it will reach more than 250,000 men engaged in business.

Those who opposed the passage of the Seamen's Act are now renewing the claim that the legislation will nullify every effort which is being made to build up an American Merchant Marine. As a result of the passage of the legislation several high officials of lines of ships flying the American flag have been quoted as saying their ships will be withdrawn from registry under our flag. Capt. Robert Dollar, of San Francisco, is one who has been so quoted, and an article by him on the subject appears on another page of this issue of THE NATION'S BUSINESS. What the law provides, how it came to be passed and what are the generally admitted results will be found on another page.

Greater Stability After the European War

Edward A. Filene, of Boston, chairman of a special committee for the consideration of terms of economic settlement after the European war, reported a plan. A referendum was then ordered, to enable the organization members of the Chamber to express themselves as to plans for insuring greater stability of international conditions at the conclusion of the war. An opportunity is thus given for the consideration of the question as to whether or not it is desirable for the United States to join a league of the nations binding the signatories to the following pledge, which embodies the modern point of

view on war and its prevention in the future:

- I All justiciable questions arising between the signatory powers, not settled by negotiation, shall, subject to existing treaties, be submitted to a judicial tribunal for hearing and judgment both upon the merits and upon any issue as to its jurisdiction of the question.
- II All other questions arising between the signatories and not settled by negotiation, shall be submitted to a Council of Conciliation for hearings, consideration and recommendation.
- III The signatory powers shall jointly use forthwith both their economic and military forces against any one of their number that goes to war or commits acts of hostility against another of the signatories before any question arising shall be submitted to the tribunal or council as provided in the foregoing.
- IV Conferences between the signatory powers shall be held from time to time to formulate and codify rules of international law, which, unless some signatory shall signify its dissent within a stated period, shall thereafter govern in the decisions of the Judicial Tribunal mentioned in Article I.

The members of the committee, besides Mr. Filene, are George E. Roberts, of the National City Bank; P. H. Gadsden, of the Charleston Consolidated Railway and Lighting Company, Charleston, S. C.; Herbert S. Houston, of Doubleday Page and Company; Herbert A. Meldrum,

To Vote on Suggestions Regarding Foreign Commerce

A. W. Shaw, of Chicago, Editor of *System*, chairman of the special committee on the Department of Commerce, with a referendum in view, presented a report which concerned a series of recommendations regarding the Bureau of Foreign and Domestic Commerce and the consular service. The recommendations of this committee—those which will be offered in the foreign commerce referendum—take into consideration the proper utilization of the work of the new commercial attaches and a number of changes which will tend to make the service as a whole more comprehensive and efficient.

President Wilson and a National Budget

In presenting a report of the budget committee, composed of Professor Goodnow, Harvey S. Chase, of Boston, and himself, Mr. Rhett told of the interest which President Wilson expressed in the subject when the committee called on him at the White House. The President expects to go into the budget matter thoroughly early next fall with a special committee named by the House caucus. This announcement was received with satisfaction by the directors inasmuch as the National Chamber by the first referendum submitted to its members stands committed to the budget principle.

A vacancy in the board of directors was filled by the election of L. S. Gillette, of Minneapolis, president of the Plymouth Investment Company. Mr. Gillette is a director of the Northwestern National Bank and is prominent in business and financial circles in that section of the country.

New Members of the Chamber

Five new commercial bodies and fourteen individual members were admitted to membership in the National Chamber. There are now 2,768 individual members. The total number of individual members is limited to 5,000.

In spite of the fact that many were obliged to come from considerable distance, the attendance at the board meeting was particularly gratifying. Not only did a large majority respond to the call, but, with possibly a single exception, those who came remained throughout the long sessions of the two-day meeting.

The time and place for the next directors' meeting was left to the executive officers to determine. It was suggested the session might be held about the last week in September or the first week in October. A definite announcement will be made later.



Copyright, Harris & Ewing.

THE NATIONAL CHAMBER'S COMMITTEE ON THE DEPARTMENT OF COMMERCE IN SESSION AT WASHINGTON

From left to right: Charles C. Jenks, Charles A. McCormick, David A. Skinner (Assistant Secretary of the Chamber); A. W. Shaw, Dr. E. E. Pratt (Chief of the Bureau of Foreign and Domestic Commerce); Calvin M. Smyth, E. Oliver Fowlkes, Philip B. Fouke, and Elliot H. Goodwin (Secretary of the National Chamber).

The Philippines as An American Asset

The Islands in Economics and Strategy—An Appeal for the City of Manila

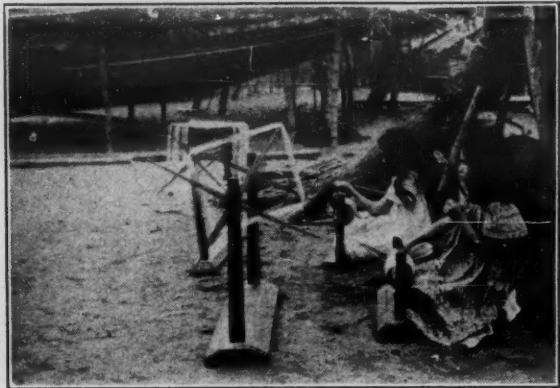
BY HAROLD M. PITT.

President of the Manila Merchants' Association

THE value of the Philippines to the United States may be set forth by an analysis somewhat as follows:

I. *A vastly enlarged "Home" market for our products and manufactures.*

At present the islands are using upwards of \$27,000,000 worth of American goods annually—more than 150 per cent increase in less than five years of free access to the Philippine market, and yet the development of Philippine resources has



FILIPINO CHILDREN SPOOLING AND KNOTTING HEMP FOR LADIES' HATS.

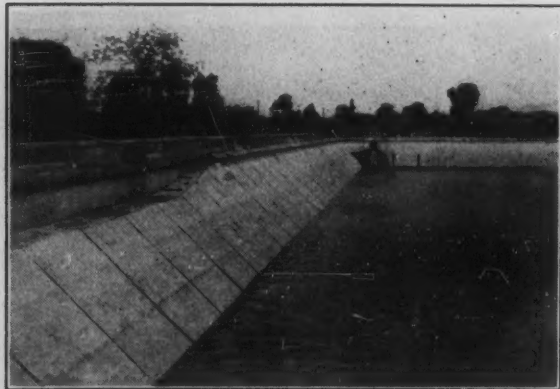
hardly begun and the purchasing power of the Philippines is as yet absurdly small. When they have advanced in agriculture, commerce and industry only to the present stage attained by Porto Rico, and if the United States sells them only as much per capita as Porto Rico is now taking, it will mean the consumption of \$300,000,000 worth of American products annually. This trade the United States will control because practically all articles imported into the islands are subject to duty except when from the United States.

II. *The source of supply under control of the United States for its requirements of tropical and sub-tropical products.*

In the year 1913, the United States imported more than \$750,000,000 worth of tropical and semi-tropical products, a large proportion of which the Philippines are capable of furnishing. Nearly all of these imports are from countries totally independent of the United States, which purchase from the United States between \$350,000,000 and \$400,000,000 less each year than they sell to us. If the Philippines were developed as they might be, the "Home" country would be enabled to exchange its own manufactures and foodstuffs on favorable terms for such products.

III. *A base and distributing center for Far Eastern commerce that will give enormous advantages over Europe in Chinese trade.*

The development of the Philippine Islands to a point where they are consuming upwards of \$300,000,000 a year of American products means that American manufacturers will be warranted in maintaining permanent stocks in Manila from which to supply this trade—a base and distributing center possessed by no European nation. The Chinese merchant will thus be enabled to secure from Manila in a week or two what it now takes several months to get from Europe or the United States.



THE WATER WORKS OF THE CITY OF MANILA. (The above shows the storage basis for the entire water supply of this great work to which Mr. Pitt refers.)

IV. *Great strategic advantage in securing practical political control of the Pacific.*

With Alaska and the Aleutian Islands, the Pacific coast of the mainland, the Panama Canal, Hawaii and Guam, and a base in Samoa, it needs but the Philippines to bottle up this world's greatest ocean, on the shores of which is now in progress the final and greatest development in the history of mankind.

Thus, as a profitable market for its manufactures; as a source of supply for tropical products under its own control; as a base and distributing center in the Far East, leading to the control of Chinese trade, and from the standpoint of strategic advantage, the Philippine Islands represent a practical asset to the United States almost beyond calculation.



NATIVE BOY WITH UNOPENED BURI LEAVES USED IN BASKET MAKING.

The interest taken in the public affairs of Manila by this wide-awake, progressive merchants' association, is indicated by the following:

Appeal to Business Men of the United States

THE law of July 2, 1902, for the government of the Philippines, prescribes provisions regulating the indebtedness of municipalities in the islands. According to Section 66 of this Act, Philippine municipalities are permitted to contract indebtedness not to exceed five per cent of the assessed valuation of their taxable property. Section 70 of the same Act gives to the city of Manila specific authority to issue bonds for \$4,000,000, the proceeds of which are to be devoted to the construction of water works and a sewer system. When this law was passed, the assessed valuation of property in Manila was \$40,000,000. Section 70 of this law thus permitted an indebtedness of 10 per cent on the total valuation of this taxable property. A bond issue for the loan was always considered a specific indebtedness and as in no way affecting the provision of Section 66, which gives to all municipalities the privilege of borrowing up to 5 per cent of their assessed valuation.

Under the administrations of Presidents Roosevelt and Taft, the Insular Government of the Philippine Islands made loans to the city of Manila without reference to the sewer and water works bonded indebtedness. It was the opinion of President Taft when Secretary of War, as well as of the Attorney General of the Islands, that in this the borrowing limit of Manila had not

been exceeded. When the present administration came in, however, the law officer of the Bureau of Insular Affairs made a ruling to the effect that the provisions of the section authorizing the bond issue for sewer and water works purposes served only to increase temporarily the limit of the city indebtedness above the 5 per cent permitted to all municipalities. He ruled further that when



PUPIL IN THE EMBROIDERY CLASS, SCHOOL OF HOUSEHOLD INDUSTRIES, MANILA.

that specific indebtedness was brought down to within the 5 per cent limit, the city might not again increase its indebtedness above such limit without special act of Congress.

The Secretary of War has approved this ruling of the Bureau of Insular Affairs. Therefore, the only means whereby Manila can secure funds for much needed permanent improvements—building roads, constructing railroads, improving schools, improvement of sanitary condition of streets and widening many of them and building bridges and laying out parks—is through a special act of Congress. In addition to the many needs, some of which are detailed above, it should not be forgotten that an enormous amount of work had to be done in Manila in a short space of time because, prior to American occupation, public improvements never kept pace with the city's development.

The sewer and water works of Manila are now a revenue-producing public utility. The receipts are largely sufficient to meet operating expenses and fixed charges, and if the Insular Government and the city departments were to pay for the services rendered the receipts would considerably more than cover expenses and charges.

It is therefore our contention that the sewer and water works bonds should be segregated from the general indebtedness of the city and that Manila should be permitted to incur additional indebtedness up to the 5 per cent limitation.

This association [The Manila Merchants' Association] earnestly seeks the cooperation and assistance of all business organizations in the United States in its efforts to secure from Congress such legislation as will enable the city to meet its urgent needs. We appeal to you in the interest of the people of the United States who are responsible for the Philippines as well as in the interests of the people of the Philippines.



Photograph by the Bureau of Education, Manila.

FILIPINO NATIVE-MADE PRIMARY SCHOOL.

(Stone cutting and building done almost entirely by native school boys directed by their American teacher.)

Three New Referenda Ordered by the Directors

A Fruitful Meeting, a New Director, and an Increase in Membership

THREE new referenda, each on a question of pressing interest to the business world, were ordered taken when the board of directors of the Chamber of Commerce of the United States met in the rooms of the Merchants' Association of New York, in New York City, June 29 and 30. This establishes a new record for a single meeting's accomplishment. Within the near future, commercial organizations throughout the United States will have a chance to put on record their suggestions for insuring greater stability of international conditions; to express themselves on the subject of the much discussed Seamen's Act; and to pass on a series of recommendations for the development and improvement of the foreign service in the Department of Commerce. Numerous other topics recently offered for referendum—upon which the organization has not been able to act—or matters brought to the attention of the Chamber with a request for some form of action—emphasize the field of usefulness to be served.

The Merchant Marine Referendum

In addition to providing for these referenda, there was a canvass of the vote on the Merchant Marine referendum, an account of which will be found on another page. There was also an enthusiastic ratification of the action of the Executive Committee in voting to cooperate in the establishment of commercial arbitration with the Argentine Republic through the agency of committees of the Chamber of Commerce of Buenos Aires and the Chamber of Commerce of the United States. These negotiations were initiated at the Pan American Financial Conference in Washington and the full story was printed in the June issue of *THE NATION'S BUSINESS*.

Arbitration and Pan American Trade

President Fahey explained the various stages of conferences which had been held between the delegates from Argentina and the members of the committee representing this country. The President was authorized to make the temporary conference committee permanent, so far as the United States was concerned. A notable incident in the discussion was a high tribute paid to the commercial integrity of the Argentinians by A. B. Farquhar, of York, Pa., an honorary vice-president of the National Chamber. Mr. Farquhar said he had been doing business with the people of that country for years and with the greatest satisfaction. He cited two instances, cases involving large amounts of money, in which the question of deciding the difference had been left entirely to the Argentinians. These cases, he declared, had been decided in his favor and to his mind very fairly.

The Referendum on the Seamen's Act

Up to the present time discussion of the Seamen's Act has centered in coastwise cities. By the action of the board of directors, however, in ordering a referendum (since the National Chamber is able to offer the means of such a comprehensive canvass), the much discussed question will be put before upwards of 600 chambers of commerce and national trade bodies in the United States and in Hawaii, Porto Rico and the Philippine Islands. Thus it will reach more than 250,000 men engaged in business.

Those who opposed the passage of the Seamen's Act are now renewing the claim that the legislation will nullify every effort which is being made to build up an American Merchant Marine. As a result of the passage of the legislation several high officials of lines of ships flying the American flag have been quoted as saying their ships will be withdrawn from registry under our flag. Capt. Robert Dollar, of San Francisco, is one who has been so quoted, and an article by him on the subject appears on another page of this issue of *THE NATION'S BUSINESS*. What the law provides, how it came to be passed and what are the generally admitted results will be found on another page.

Greater Stability After the European War

Edward A. Filene, of Boston, chairman of a special committee for the consideration of terms of economic settlement after the European war, reported a plan. A referendum was then ordered, to enable the organization members of the Chamber to express themselves as to plans for insuring greater stability of international conditions at the conclusion of the war. An opportunity is thus given for the consideration of the question as to whether or not it is desirable for the United States to join a league of the nations binding the signatories to the following pledge, which embodies the modern point of

view on war and its prevention in the future:

- I All justiciable questions arising between the signatory powers, not settled by negotiation, shall, subject to existing treaties, be submitted to a judicial tribunal for hearing and judgment both upon the merits and upon any issue as to its jurisdiction of the question.
- II All other questions arising between the signatory powers shall be submitted to a Council of Conciliation for hearings, consideration and recommendation.
- III The signatory powers shall jointly use forthwith both their economic and military forces against any one of their number that goes to war or commits acts of hostility against another of the signatories before any question arising shall be submitted to the tribunal or council as provided in the foregoing.
- IV Conferences between the signatory powers shall be held from time to time to formulate and codify rules of international law, which, unless some signatory shall signify its dissent within a stated period, shall thereafter govern in the decisions of the Judicial Tribunal mentioned in Article I.

To Vote on Suggestions Regarding Foreign Commerce

A. W. Shaw, of Chicago, Editor of *System*, chairman of the special committee on the Department of Commerce, with a referendum in view, presented a report which concerned a series of recommendations regarding the Bureau of Foreign and Domestic Commerce and the consular service. The recommendations of this committee—those which will be offered in the foreign commerce referendum—take into consideration the proper utilization of the work of the new commercial attaches and a number of changes which will tend to make the service as a whole more comprehensive and efficient.

President Wilson and a National Budget

In presenting a report of the budget committee, composed of Professor Goodnow, Harvey S. Chase, of Boston, and himself, Mr. Rhett told of the interest which President Wilson expressed in the subject when the committee called on him at the White House. The President expects to go into the budget matter thoroughly early next fall with a special committee named by the House caucus. This announcement was received with satisfaction by the directors inasmuch as the National Chamber by the first referendum submitted to its members stands committed to the budget principle.

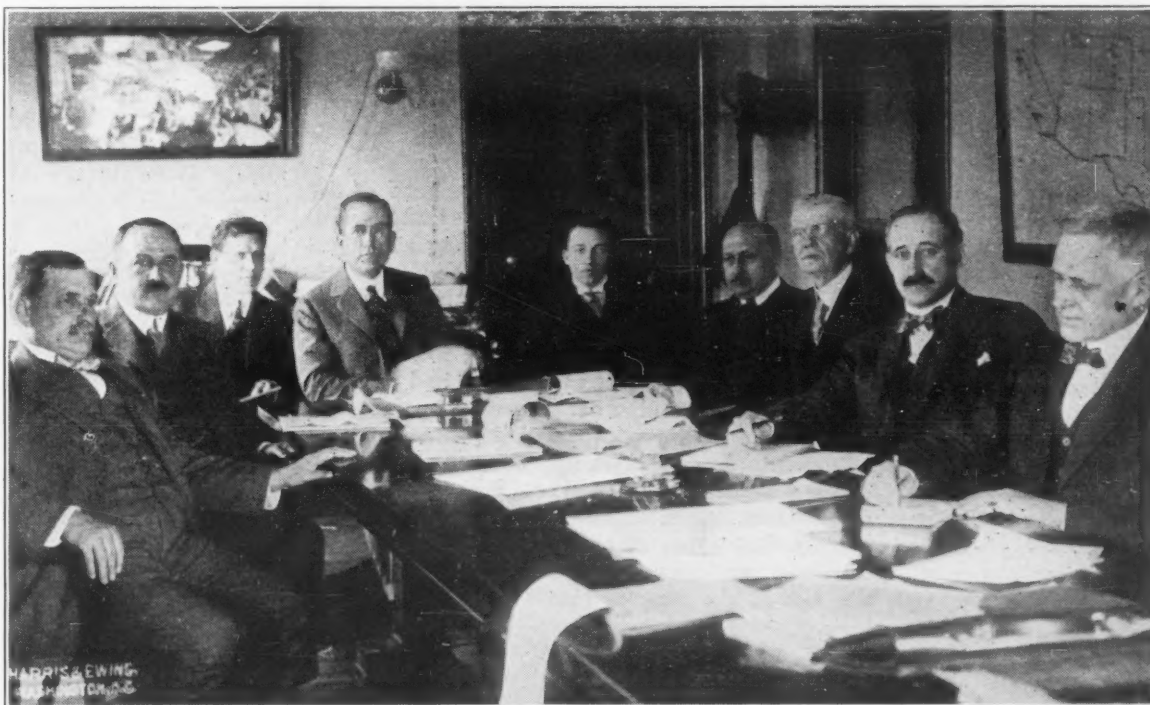
A vacancy in the board of directors was filled by the election of L. S. Gillette, of Minneapolis, president of the Plymouth Investment Company. Mr. Gillette is a director of the Northwestern National Bank and is prominent in business and financial circles in that section of the country.

New Members of the Chamber

Five new commercial bodies and fourteen individual members were admitted to membership in the National Chamber. There are now 2,768 individual members. The total number of individual members is limited to 5,000.

In spite of the fact that many were obliged to come from considerable distance, the attendance at the board meeting was particularly gratifying. Not only did a large majority respond to the call, but, with possibly a single exception, those who came remained throughout the long sessions of the two-day meeting.

The time and place for the next directors' meeting was left to the executive officers to determine. It was suggested the session might be held about the last week in September or the first week in October. A definite announcement will be made later.



Copyright, Harris & Ewing.

THE NATIONAL CHAMBER'S COMMITTEE ON THE DEPARTMENT OF COMMERCE IN SESSION AT WASHINGTON

From left to right: Charles C. Jenks, Charles A. McCormick, David A. Skinner (Assistant Secretary of the Chamber); A. W. Shaw, Dr. E. E. Pratt (Chief of the Bureau of Foreign and Domestic Commerce); Calvin M. Smyth, E. Oliver Fowlkes, Philip B. Fouke, and Elliot H. Goodwin (Secretary of the National Chamber).

view on war and its prevention in the future:

- I All justiciable questions arising between the signatory powers, not settled by negotiation, shall, subject to existing treaties, be submitted to a judicial tribunal for hearing and judgment both upon the merits and upon any issue as to its jurisdiction of the question.
- II All other questions arising between the signatory powers shall be submitted to a Council of Conciliation for hearings, consideration and recommendation.
- III The signatory powers shall jointly use forthwith both their economic and military forces against any one of their number that goes to war or commits acts of hostility against another of the signatories before any question arising shall be submitted to the tribunal or council as provided in the foregoing.
- IV Conferences between the signatory powers shall be held from time to time to formulate and codify rules of international law, which, unless some signatory shall signify its dissent within a stated period, shall thereafter govern in the decisions of the Judicial Tribunal mentioned in Article I.

The members of the committee, besides Mr. Filene, are George E. Roberts, of the National City Bank; P. H. Gadsden, of the Charleston Consolidated Railway and Lighting Company, Charleston, S. C.; Herbert S. Houston, of Doubleday Page and Company; Herbert A. Meldrum,

The Philippines as An American Asset

The Islands in Economics and Strategy—An Appeal for the City of Manila

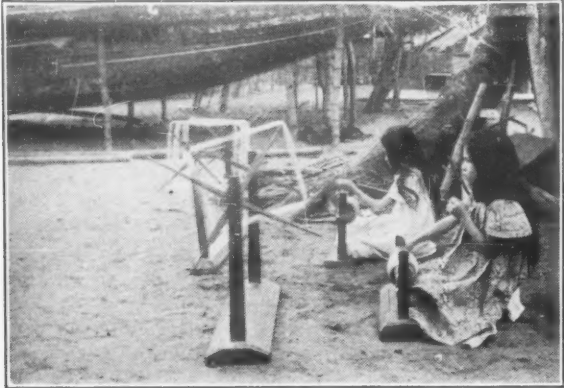
BY HAROLD M. PITT.

President of the Manila Merchants' Association

THE value of the Philippines to the United States may be set forth by an analysis somewhat as follows:

I. *A vastly enlarged "Home" market for our products and manufactures.*

At present the islands are using upwards of \$27,000,000 worth of American goods annually—more than 150 per cent increase in less than five years of free access to the Philippine market, and yet the development of Philippine resources has



FILIPINO CHILDREN SPOOLING AND KNOTTING HEMP FOR LADIES' HATS.

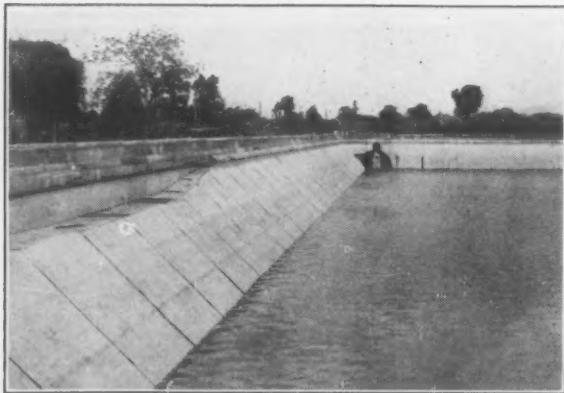
hardly begun and the purchasing power of the Philippines is as yet absurdly small. When they have advanced in agriculture, commerce and industry only to the present stage attained by Porto Rico, and if the United States sells them only as much per capita as Porto Rico is now taking, it will mean the consumption of \$300,000,000 worth of American products annually. This trade the United States will control because practically all articles imported into the islands are subject to duty except when from the United States.

II. *The source of supply under control of the United States for its requirements of tropical and sub-tropical products.*

In the year 1913, the United States imported more than \$750,000,000 worth of tropical and semi-tropical products, a large proportion of which the Philippines are capable of furnishing. Nearly all of these imports are from countries totally independent of the United States, which purchase from the United States between \$350,000,000 and \$400,000,000 less each year than they sell to us. If the Philippines were developed as they might be, the "Home" country would be enabled to exchange its own manufactures and foodstuffs on favorable terms for such products.

III. *A base and distributing center for Far Eastern commerce that will give enormous advantages over Europe in Chinese trade.*

The development of the Philippine Islands to a point where they are consuming upwards of \$300,000,000 a year of American products means that American manufacturers will be warranted in maintaining permanent stocks in Manila from which to supply this trade—a base and distributing center possessed by no European nation. The Chinese merchant will thus be enabled to secure from Manila in a week or two what it now takes several months to get from Europe or the United States.



THE WATER WORKS OF THE CITY OF MANILA.
(The above shows the storage basis for the entire water supply of this great work to which Mr. Pitt refers.)

IV. *Great strategic advantage in securing practical political control of the Pacific.*

With Alaska and the Aleutian Islands, the Pacific coast of the mainland, the Panama Canal, Hawaii and Guam, and a base in Samoa, it needs but the Philippines to bottle up this world's greatest ocean, on the shores of which is now in progress the final and greatest development in the history of mankind.

Thus, as a profitable market for its manufactures; as a source of supply for tropical products under its own control; as a base and distributing center in the Far East, leading to the control of Chinese trade, and from the standpoint of strategic advantage, the Philippine Islands represent a practical asset to the United States almost beyond calculation.



NATIVE BOY WITH UNOPENED BURI LEAVES USED IN BASKET MAKING.

The interest taken in the public affairs of Manila by this wide-awake, progressive merchants' association, is indicated by the following:

Appeal to Business Men of the United States

THE law of July 2, 1902, for the government of the Philippines, prescribes provisions regulating the indebtedness of municipalities in the islands. According to Section 66 of this Act, Philippine municipalities are permitted to contract indebtedness not to exceed five per cent of the assessed valuation of their taxable property. Section 70 of the same Act gives to the city of Manila specific authority to issue bonds for \$4,000,000, the proceeds of which are to be devoted to the construction of water works and a sewer system. When this law was passed, the assessed valuation of property in Manila was \$40,000,000. Section 70 of this law thus permitted an indebtedness of 10 per cent on the total valuation of this taxable property. A bond issue for the loan was always considered a specific indebtedness and as in no way affecting the provision of Section 66, which gives to all municipalities the privilege of borrowing up to 5 per cent of their assessed valuation.

Under the administrations of Presidents Roosevelt and Taft, the Insular Government of the Philippine Islands made loans to the city of Manila without reference to the sewer and water works bonded indebtedness. It was the opinion of President Taft when Secretary of War, as well as of the Attorney General of the Islands, that in this the borrowing limit of Manila had not

been exceeded. When the present administration came in, however, the law officer of the Bureau of Insular Affairs made a ruling to the effect that the provisions of the section authorizing the bond issue for sewer and water works purposes served only to increase temporarily the limit of the city indebtedness above the 5 per cent permitted to all municipalities. He ruled further that when



PUPIL IN THE EMBROIDERY CLASS, SCHOOL OF HOUSEHOLD INDUSTRIES, MANILA.

that specific indebtedness was brought down to within the 5 per cent limit, the city might not again increase its indebtedness above such limit without special act of Congress.

The Secretary of War has approved this ruling of the Bureau of Insular Affairs. Therefore, the only means whereby Manila can secure funds for much needed permanent improvements—building roads, constructing railroads, improving schools, improvement of sanitary condition of streets and widening many of them and building bridges and laying out parks—is through a special act of Congress. In addition to the many needs, some of which are detailed above, it should not be forgotten that an enormous amount of work had to be done in Manila in a short space of time because, prior to American occupation, public improvements never kept pace with the city's development.

The sewer and water works of Manila are now a revenue-producing public utility. The receipts are largely sufficient to meet operating expenses and fixed charges, and if the Insular Government and the city departments were to pay for the services rendered the receipts would considerably more than cover expenses and charges.

It is therefore our contention that the sewer and water works bonds should be segregated from the general indebtedness of the city and that Manila should be permitted to incur additional indebtedness up to the 5 per cent limitation.

This association [The Manila Merchants' Association] earnestly seeks the cooperation and assistance of all business organizations in the United States in its efforts to secure from Congress such legislation as will enable the city to meet its urgent needs. We appeal to you in the interest of the people of the United States who are responsible for the Philippines as well as in the interests of the people of the Philippines.



Photograph by the Bureau of Education, Manila.

FILIPINO NATIVE-MADE PRIMARY SCHOOL.
(Stone cutting and building done almost entirely by native school boys directed by their American teacher.)

Effective Community Advertising*

By HUBERT F. MILLER
Business Manager Chicago Association
of Commerce.

PUBLICITY cannot create facts, but it can exploit knowledge of the facts.

Untruthfulness and exaggeration are going out of style in all kinds of advertising. The best and simplest way to approach any community problem is first to discover all the facts and then tell the truth and make the most of it. Business men who will not stand for misrepresentation to promote individual business should not tolerate it collectively in community advertising.



There is no broader field and no greater opportunity for originality in method than in the field of community advertising. Here is room for a new profession, or, at least, a post graduate study for the experienced commercial secretary. The creation and censorship of community advertising should be the responsibility of the strongest and most influential civic and commercial organization, working under the auspices of a carefully selected publicity committee of representative citizens.

The worst possible mistake in community advertising is to begin with self deceit. Exaggerated claims and over confidence can never bring real success to the community or individual. The world expects everybody to make good. The town which boasts of imaginary attractions may deceive itself but cannot deceive others. Civic ego is not civic pride.

It is perfectly logical and perfectly natural for everybody and everything in this world to have faults, but it is perfectly foolish either to ignore the fact or to brag about it. I congratulate certain communities in this country where the newspapers do not print stories of local hardluck, such as earthquakes, floods, crop failures, or frosts—and only mention fires for the sake of the insurance.

The first step in the solution of the community advertising problem is for a town to know itself. It should determine if it is willing to answer the following questions frankly, convincingly and with self satisfaction:

1. What excuse have we for advertising?
2. What has this town to advertise and offer in competition with other towns of like situation and circumstances?
3. Will the facts justify this community in claiming equality with or superiority over our competitors?
4. Have we any special attractions or exclusive advantages?

A careful survey or investigation will leave the way clear for the consideration of ways and means and methods. If you can find satisfactory answers, then the final question is: How can we make the facts known to the world in a simple, direct and convincing manner?

If your city is experienced in advertising, it can do no harm to ask three other questions:

1. Are you really advertising anything?
2. Are you advertising the right thing?
3. Are you advertising it in the right way?

Many cities, large and small, enter the field of community advertising by asking the world to send them factories or industries, capital and capitalists, or home seekers and tourists. Others make bid for conventions and use their physical attractiveness or facilities for recreation and amusement as a commercial asset. The larger cities advertise for wholesale trade or exploit to the world the superiority of home manufactures. Almost every city has something to sell and something to exploit. It is largely a matter of selection.

This advertising can best be done by painting the most complete and the most beautiful picture possible of the city, leaving out none of those things which go to make that city either great or beautiful and making no excuses, but, above all, painting the picture TRUE. By this I mean, claiming nothing that your guests will not be able to find when they come to your city.

*Portion of an address delivered at the Chicago Convention of the Associated Advertising Clubs of the World, June 20-24.

WHAT the ORGANIZATIONS are DOING

Boston and Foreign Trade

The Boston Chamber of Commerce is revising its list of members who are actively engaged in foreign trade. This is being done for definite purposes. In the first place, trade inquiries from various countries, including the South American republics, Italy, France, Russia, England, Japan and China, are being constantly received by the Chamber. They concern all sorts of commodities manufactured in this country. Some of these inquiries are forwarded from consuls through government channels, but many come from private sources and offer favorable prospects for new business.—*Current Affairs* (Boston).

Rochester's Campaign for Flowers

The results of the work of the Chamber's City Flower Committee are especially noticeable in the downtown districts. Many firms have agreed to install flower boxes in their windows. This excellent beginning has attracted favorable comment. A number of the efforts are yet in an experimental stage that will give way next summer to masses of flowers in every window.—*Rochester Commerce*.

Submitting School Graduates to Business Men

The graduating class of the Boston High School of Commerce numbers about one hundred and sixty-five. The original purpose of the school was to train, every four years, a generation of young men equipped to enter the commercial life of the city. The school is prepared to submit graduates to business men who are looking for young men equipped with the specific training acquired in this school.—*Current Affairs* (Boston).

"Editing" a Member's Charities

A New Britain banker said, "Recently, I have had three calls for donations to charities of which I knew nothing. I referred them to the Chamber of Commerce for investigation, but they never returned. Before this service was available, I should have, without question, given each a small amount because I had no way of determining whether they were worthy or not."—*Chamber of Commerce Bulletin* (New Britain, Conn.).

Putting Denver on a Business Basis

That a new system of accounting is in process of installation in the City and County of Denver may or may not be known to the readers of *The Commercial*. It is believed that Denver should have the best accounting system available, and it is believed, also, that every business man and taxpayer in the city should be intensely interested in Denver's having a system such as will furnish information of the kind that aids the city officials in the administration of their departments and at the same time gives the citizens the information they need in order to judge of the efficiency and economy attained in various departments.—*The Commercial* (Denver).

Cleveland's Municipal Dock

Cleveland is planning a large municipal dock for the thirty acres of land fronting upon Lake Erie. The tract in question, valued at \$20,000,000, has been awarded to the city by the United States Supreme Court after twenty-one years of litigation with the Pennsylvania, Lake Shore, Michigan Southern and Big Four Railroads.—*Chicago Commerce*.

A Gigantic Elevator for Milwaukee

The Northwestern road plans to erect a large elevator at the Kinnickinnic basin, in Milwaukee, with capacity of 1,000,000 bushels and machinery enough to handle 2,500,000 bushels. In this way concrete storage tanks can be added as fast as needed if the machinery is built adequately from the beginning. Other units will be added from time to time. * * Milwaukee's grain trade was 77,000,000 bushels last year, a gain of 30 per cent. A similar gain next year would make the total grain business here nearly 100,000,000

a year. This elevator would be a boon to Milwaukee. The present public elevator storage capacity here is 4,550,000 bushels and there are about 9,000,000 bushels in private elevators connected with manufacturing enterprises.—*Civics and Commerce* (Milwaukee).

"Stop Off at Omaha"

The "STOP OFF AT OMAHA" campaign, conducted by the Bureau of Publicity, has proven quite successful. Many visitors have stopped off in Omaha on their way going to or returning from the coast, and the number will be considerably increased during the summer months. The Bureau of Publicity secured the cooperation of the Cleveland, Pittsburgh and Cincinnati Automobile Clubs in inducing automobilists to come via Omaha.—*Commercial Club Journal* (Omaha).

To Celebrate the Half Century of Alaska

The Trustees of the Chamber have requested the Alaska Bureau to formulate plans for a semi-centennial celebration of the acquirement of Alaska, to be held in 1917, as suggested by Congressman Kahn, of California, at a recent luncheon of the executive committee of the Bureau. The Bureau was also asked to give an estimate of the funds required for such a celebration.—*New Seattle Chamber of Commerce Record*.

Studying Rural Credits for Ohio

In order that the legislature of Ohio may act intelligently at least so far as rural credits are concerned, the committee on agricultural development of the Chamber of Commerce has recommended to Governor Willis, and there has since been adopted by the house and senate at Columbus, a resolution authorizing the appointment by the Governor of a state-wide committee of three members to investigate thoroughly all existing laws relating to rural credits and the possible demand for such a law in this state. It is believed that such a committee will be able to accumulate a vast amount of data that will be of great value in formulating any law that may be hereafter considered.—*The Public Square* (Cleveland).

Reaching Out for the World's Coal Trade

Realizing the exceedingly unfortunate coal situation in Great Britain which has prevailed ever since the outbreak of the war, together with the heavy purchasing power which the Mediterranean, as well as Latin American countries, offer at the present time, those of our coal firms in Cincinnati who are prepared to go into the export trade have been very busy lately negotiating with foreign buyers and agents. * * The Foreign Trade Secretary, who studied the Mediterranean markets last year, is able to supply a lot of information on coal export prospects; in fact, has been materially assisting some of our firms in making connections which have already proved profitable, considering that the exportation of coal is still in its infancy.—*The Cincinnati*.

Parks and the Nation's Tourists

There has recently been established in San Francisco the Field Headquarters of what may properly be termed the National Park Service. While not a statutory bureau, it is one in effect, and no doubt Congress will be asked to make it so in fact. Plans are already formulated and work under way which will insure the development of the parks with some idea of the future. In addition to construction and conservation work, there will be organized a department of concessions and one of publicity. The former will have control of the hotel, camping and like privileges, and the latter will see that the wonderful scenic beauties of the National Parks of this country are properly advertised. Today there is more travel to the National Parks of Canada than to those in the United States. A publicity campaign would increase the visitors to the California parks by 150,000 yearly.—*Chamber of Commerce Activities* (San Francisco).